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ABSTRACT

Hearings on a bill to reauthorize the Higher Education Act of 1965 are presented, with attention to policy formulations of the Higher Education Act Amendments of 1984 and the Administration's fiscal year (FY) 1985 budget and legislative proposals. Consideration is given to the appropriate federal role in higher education, the proper focus of federal programmatic effort, and federal aid to low- and middle-income students and to postsecondary institutions. Views from a panel of students on the impact of proposed alterations of current law are included. Legislative changes accompanying the budget request include: increasing College Work-Study support by $295 million in FY 1985 (which would represent possibly 335,000 more student jobs); and replacing the current half-cost limit of the Pell Self-Help Grant with a limit amounting to 60 percent of educational costs minus the family contribution, with a minimum grant of $500 and a maximum of $3,000. Supplementary materials include: a National Education Association report entitled "Excellence in Our Schools--Teacher Education; An Action Plan," publicity material on the Growth Initiatives for Teachers fellowship program for secondary school mathematics and science teachers, and an article on the Council on Legal Education Opportunity Program Fellows by Wade J. Henderson and Linda Flores. (SW)

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ED254144

HEARINGS ON THE REAUTHORIZATION OF THE HIGHER EDUCATION ACT

HEARINGS

BEFORE THE

SUBCOMMITTEE ON POSTSECONDARY EDUCATION

OF THE

COMMITTEE ON EDUCATION AND LABOR
HOUSE OF REPRESENTATIVES

NINETY-EIGHTH CONGRESS

SECOND SESSION

ON

H.R. 5240

TO AMEND AND EXTEND THE HIGHER EDUCATION ACT OF 1965, AND FOR OTHER PURPOSES

HEARINGS HELD IN WASHINGTON, DC, ON MARCH [illegible]; ST. LOUIS, MO, ON MARCH 30; FLUSHING, NY, ON APRIL 2; WASHINGTON, DC, ON APRIL 3, 4, & WINONA, MN, ON APRIL 6; EAU CLAIRE, WI, ON APRIL 7; AND WASHINGTON, DC, ON APRIL 10, 11, 12, 1984

Printed for the use of the Committee on Education and Labor

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HEARINGS ON THE REAUTHORIZATION OF THE HIGHER EDUCATION ACT

TUESDAY, MARCH 27, 1984

HOUSE OF REPRESENTATIVES,
COMMITTEE ON EDUCATION AND LABOR,
SUBCOMMITTEE ON POSTSECONDARY EDUCATION,
Washington, DC.

The subcommittee met, pursuant to call, in room 2261, Rayburn House Office Building, at 10:30 a.m., Hon. Paul Simon (chairman of the subcommittee) presiding.

Members present: Representatives Simon, Owens, Kogovsek, Penny, Coleman, Gunderson, and Packard.

Staff present: William A. Blakey, majority counsel; Laurie A. Westley, assistant majority counsel; John E. Dean, Republican assistant counsel.

Mr. SIMON. The subcommittee will come to order. First of all, my apologies to everyone. We had a Democratic caucus on this small thing called the Federal budget, on which there is yet to be unanimous agreement. I have a statement that I will simply enter in the record. Basically, we're confronting the question of where we go from here, and there can be no more important investment on the part of the country than in the field of education and no investment that means more to the future of this country.

What has emerged is a Federal package that does assist a great many people to go to college. It does assist many institutions that need help. But it is also clear that substantial improvements ought to be made if we are to do what we ought to be doing in this country. And this is the first in a series of hearings that we're going to be holding over the next 2 weeks on this general subject and I hope we can emerge with a package that the administration can eventually buy and a package that our colleagues in the House and the Senate can eventually adopt.

[Opening statement of Congressman Paul Simon follows:]

OPENING STATEMENT OF HON. PAUL SIMON, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF ILLINOIS, AND CHAIRMAN, SUBCOMMITTEE ON POSTSECONDARY EDUCATION, MARCH 27, 1984

The Subcommittee on Postsecondary Education is beginning hearings today, and will hold a number of hearings in the next 16 days on the Administration's FY 1985 budget recommendations with accompanying legislative proposals and proposed legislation reauthorizing the Higher Education Act of 1965. This series of hearings will address the entire spectrum of issues related to the appropriate federal role in higher education, the proper focus of our programmatic effort, and funding commitments to low and middle-income students and to postsecondary institutions.

We will begin these hearings by focusing on student financial aid and the Administration's funding priorities and policies as reflected in their FY 1985 budget recommendations and accompanying legislative proposals. The Administration has proposed a series of changes to the current financial aid program for students. The

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result of these changes would be decreased access to higher education by the student who has limited resources. This decline in access for the neediest students will occur through an increased requirement to pay $500 or 40% of the cost of education, whichever is higher, before she or he can qualify for any federal student financial aid dollars. The Administration's proposals and accompanying legislation alter the basic principals which have guided student financial aid packaging since 1972. From a base of grants and Work-Study, with loans as a last resort, the Administration has shifted to a reliance on student borrowing and work with a requirement to pay a large percentage of the cost of her or his education from personal or family funds that may not be available.

The Higher Education Act Amendments of 1984 (H.R. 5240), which I introduced last Thursday with 25 of my House Colleagues, refocuses student financial aid on the neediest student to ensure that the student who could not begin, or would not complete, an education because of high costs and limited family resources will have that opportunity.

I have also simplified student aid programs with one grant, one work and one loan program, along with an institutional block grant program. The student financial aid programs were created by Congress over the last two decades. The purpose was to make funds available to students who had no other way to finance their education. In today's economy with nationwide unemployment at 7.8%, youth unemployment at 19.3% and minority youth unemployment at 43.5%, it is time to refocus these programs to address the need they were created to serve.

It seems an inopportune period to alter Federal financial aid to require a higher dollar contribution from the neediest student before she or he is eligible for a grant.

Our hearing today will not only review the policy formulations but we will have the opportunity to hear from a panel of students to learn the impact of proposed alterations in the current law. It is the students who can best answer the real question of whether the Administration's proposals would discourage students from beginning or completing their education. This is what we are here to duscuss—the policy formulations embodied in the Higher Education Act Amendments of 1984 and the Administration's FY 1985 budget and legislative proposals and their impact on students.

Our first witness this morning is Gary Jones, the Undersecretary of Education, and will be followed by a panel of students. This afternoon the Honorable Edward Elmendorf, Assistant Secretary for Postsecondary Education will join us. I want to thank each of you for joining us this morning and to welcome you.

Mr. SIMON. Mr. Coleman.

Mr. COLEMAN. Good morning, Mr. Chairman.

Mr. SIMON. My apologies for this delay here.

Mr. COLEMAN. That's all right. I know that you all have an agenda there to work out within the caucus. As ranking member of the subcommittee it certainly has been my pleasure to work with you, Paul, over the last 3 years in productively addressing the needs of higher education. During this period of time it's personally been an honor and a privilege to get to know you. I consider you a friend. And it's been a rewarding experience because, in general, we basically agree on the thrust of most of the legislation that's come through our subcommittee.

However, today I must play the role of a good ranking Republican and point out some of the deficiencies that have been put forward in H.R. 5240. I do so because I believe that H.R. 5240 is the wrong bill at the wrong time. It is the wrong bill because it completely ignores the pressing budgetary problems that confront our Nation, and it's the wrong time because, as we all know, it's not necessary to reauthorize the Higher Education Act until next year or even later than that.

So, I am opposing your bill, H.R. 5240, with some reluctance, because I know of the sincerity in which you have put forth your proposal. There are several parts of the bill, frankly, that we can agree to. Both of us are original cosponsors of the Talented Teacher

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Act, which is incorporated, of the Urban University Act, which I am an original cosponsor of, and also the international education area which both of us recognize as an area that needs emphasis.

And I, frankly, would hope that we could use your bill as a starting point, for development of legislation which could be enacted next year, in 1985. I consider it unfortunate, however, that we are going forth on an expedited schedule.

In the course of the committee consideration for this bill, I will be putting forward constructive and, I think, very positive alternatives to many of the provisions which are contained in this proposal. These alternatives will be designed to provide the best possible Federal support for higher education while at the same time attempting to be fiscally responsible.

It's my sincere hope that we will be able to come to agreement over many of these proposed alternatives that I will be able to offer, and that I can, therefore, remove my current strong opposition to H.R. 5240.

Ordinarily, Mr. Chairman, the initiation of these hearings and redirecting our efforts at higher education would be a happy occasion for all of us here on Capitol Hill as well as throughout the university campuses of this Nation. Instead, today is a sad day for higher education because we're beginning hearings on the Higher Education Act reauthorization that does not enjoy that bipartisan support or the support of all segments of the higher education community.

In the past, support of this nature has been a clear prerequisite to producing a strong Higher Education Act. Some say, and I know that you have said it yourself, that now is the time to consider this reauthorization and not put it off until next year, that we will not be able to produce a strong bill next year. I respectfully disagree. At a time when our Nation is facing the largest budget deficit in its history we should not be creating and significantly expanding Government programs. Enactment of H.R. 5240, as presently written and introduced, would add over $4½ billion to those deficits in the first year of the reauthorization alone.

H.R. 5240 is written as if there were no budget priorities other than higher education. I know that the American people consider other subjects, such as nutrition and housing, employment training, agricultural development, national defense, elementary and secondary education, special education, and health to be priorities, at least as important to our national well-being as higher education.

Where would we be if Congress enacted legislation proposing increases in Federal support in all of these areas, equal to those proposed in H.R. 5240? Our budget deficit would not be $189 billion, because H.R. 5240 represents a 100 percent, plus, increase in spending, we would have a deficit of almost a trillion dollars or $800 billion.

Now, I realize that those are pretty sharp and harsh statistics, but they illustrate what happens when you increase funding and expenditures in this magnitude, as contained in this bill.

This committee must do its part to address the problems of the budget deficit. At the present time, our Nation is experiencing good economic growth. Unemployment is down. GNP is up 6.1 percent.

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It's obvious the economy is heading in the right direction. However, there is a storm cloud looming on the horizon—the budget deficit. The CBO estimates that this year the deficit could be as high as $189 billion, it could rise to $200 billion next year.

Already Wall Street, the securities industries and the banking community in this Nation are adjusting to this deficit increasing prime interest rates, increasing interest rates at banks, anticipating substantial growth in that Federal borrowing sector. They are raising their interest rates as a result, choking off much needed sources of jobs and economic growth potential.

H.R. 5240 would make a substantial contribution to the growth of the Federal deficit. By enacting what I personally consider, a fiscally irresponsible Higher Education Act, we could be undermining our economic recovery. There is no need for H.R. 5240 to be considered this year. In 1980 this committee managed to secure bipartisan Republican and Democrat support by presenting a realistic bill, despite the fact that 1980 was an election year, and budget deficits were an issue.

Although I know it was not your personal intention, H.R. 5240, as developed, places what appears to be political concerns ahead of good education policy. I personally feel this is unfortunate.

I firmly believe that enactment of H.R. 5240 or anything similar to it is not in the best interest of higher education. The legislation creates an entitlement program which will double annual expenditures for the Pell Grant Program; it is unrealistic to expect the Appropriations Committee to fund a $6.2 billion Pell program, a $3.2 billion GSL Program, and still find funds for the rest of the Higher Education Act.

I also believe that enactment of H.R. 5240 now would make a substantial revision of the Higher Education Act during the budget process, that we all know will happen in 1985, a virtual certainty. This will result in instability in the program administration and confusion which we've always heard about from parents and students and administrators. The result—a replication of the problems that we had during the reconciliation in 1981.

I think it's, frankly, unfair to promise students that they may qualify for a $3,000 Pell grant in academic 1986–87 when we know full well the funds would not be available to meet that promise.

So, I believe that if a bill must go forward, it should go forward in a positive and constructive manner. As H.R. 5240 moves through the legislative process here in the House and the committee, I plan to offer a series of amendments to address what I consider to be the fundamental problems of the bill.

H.R. 5240 makes huge promises to almost every sector of the higher education community. It's not easy to convince any sector of the community to scale back an authorization or to delete a program, once it's been promised to them by the chairman of the subcommittee. It's unfair to raise expectations in the higher education community without having the dollars and cents available to turn those expectations into realities.

So, in closing, Mr. Chairman, and trying to be, very fair in my comments, I do want to voice some questions. The first and foremost is why must we consider the bill this year? Senator Stafford has personally told me that a bill will move through the Senate in

1984, and I quote his exact words, "Over my dead body." I believe the Senator and expect that he has a long career ahead of him.

I also wonder why we should enact legislation which, by its very cost, could undermine the economic recovery. Why should we allow political concerns to take precedence over sound education policy? Why should we risk misleading the American people by promising them programs and funding which is, in all likelihood, never to come to pass?

And finally, Mr. Chairman, I ask you, as I've asked you before, when can we return to the tradition of working together in a productive, bipartisan manner, on higher education. I think that really is up to you to decide. I thank you for providing me this extensive time to make those opening remarks.

[Opening statement of Congressman Coleman follows:]

OPENING STATEMENT OF HON. E. THOMAS COLEMAN, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF MISSOURI

Mr. Chairman, as Ranking Member of the subcommittee it has been my pleasure to serve with you over the last three years in productively addressing the needs of higher education. During this period I have come to know you well and consider you a friend. It has been a particularly rewarding experience for me because on almost every bill or issue before the subcommittee we have been in substantial agreement.

Today, however, I find that it is my responsibility as Ranking Member to disagree with much of the proposal that you have put forward as H.R. 5240. I do so because H.R. 5240 is the wrong bill at the wrong time. It is the wrong bill because it completely ignores the pressing budgetary problems confronting our Nation. It is the wrong time because, as we all know, the Higher Education Act does not need to be reauthorized until next year.

I am opposing H.R. 5240 with some reluctance because I know of the sincerity with which you have put forth your proposal. There are several parts of the bill we could agree to. And I wish we could utilize your bill as a starting point for the development of legislation to be enacted in 1985. I consider it unfortunate that we are going forth on an expedited schedule unnecessarily.

In the course of committee consideration of H.R. 5240 I will be putting forward constructive, positive alternatives to many of the provisions contained in your proposal. These alternatives will be designed to provide the best possible federal support for higher education while at the same time being fiscally responsible. It is my sincere hope that we will be able to come to agreement over many of my proposed alternatives and that I will be able to remove my current strong opposition to H.R. 5240.

Mr. Chairman, ordinarily, the initiation of this process would be a happy occasion for all of us, both on Capitol Hill and on college and university campuses across the country. Instead, I believe that today is a very sad day for higher education. Today we are beginning hearings on a Higher Education Act reauthorization that does not enjoy bipartisan support or the support of all segments of the higher education community. In the past, support of this nature has been a clear prerequisite to producing a strong Higher Education Act.

Some say that that now is the time to consider this reauthorization and that next year we will not be able to produce a strong bill. I disagree. At a time when our Nation is facing the largest budget deficit in its history, we should not be creating and significantly expanding government programs. Our budget deficits are large now. Enactment of H.R. 5240 as it is presently written would add over four and a half billion dollars to those deficits in the first year of the reauthorization alone.

H.R. 5240 is written as if there were no budget priorities other than higher education. I believe the American people consider nutrition, housing, employment and training, agricultural development, National defense, elementary and secondary education, special education, and health to be priorities at least as important to our national well-being as higher education. Where would we be if Congress enacted legislation proposing increases in federal support in all of these areas equal to those

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proposed in H.R. 5240? Our budget deficit would not be $189 billion, it would be well over $800 billion.

This committee must do its part to address the problem of the budget deficit. At the present time our Nation is experiencing an economic recovery of unprecedented strength. In the first full year of this recovery real GNP rose 6.1 percent. Unemployment dropped to the February level of 7.7 percent and consumer prices increased by only 3.2 percent. It is obvious that the economy is headed in the right direction.

Budget deficits, however, are a clear storm cloud on the horizon. The Congressional Budget Office estimates that the deficit for the current fiscal year could be as high as $189 billion and could top $200 billion in FY 1985. Already the Nation's securities markets have begun to react negatively to this bad news. In addition, banks, anticipating substantial growth in government borrowing, are raising their interest rates on business loans, thus choking off a much needed source of new jobs and economic growth.

H.R. 5240 would make a substantial contribution to the growth of the budget deficit. Let us make no mistake about it, by enacting a fiscally irresponsible Higher Education Act, we could be undermining our economic recovery.

There was no need for H.R. 5240 to be written as it has been. In 1980, this committee managed to secure Republican support by presenting a realistic bill despite the fact that 1980 was an election year in which concerns about the budget deficit were present. In developing this legislation, you have chosen not to work with your Republican colleagues to develop proposals which we could take together to the President for signature. Instead, although I know it was not your personal intention, H.R. 5240 as developed places political concerns ahead of good education policy. I feel this is unfortunate.

I firmly believe that enactment of H.R. 5240 or anything similar to it is not in the best interest of higher education. The legislation creates an entitlement program which will double annual expenditures for the Pell Grant program. It is unrealistic to expect the Appropriations Committee to fund a $5.6 billion Pell program, a $3.2 billion GSL program and still fund the rest of the Higher Education Act.

I also believe that enactment of H.R. 5240 now would make substantial revision of the Higher Education Act during the budget process in 1985 a virtual certainty. The resulting instability in program administration and confusion on the part of parents and students would replicate the problems created by the rewrite of the 1980 reauthorization in 1981. It is unfair to promise students that they may qualify for a $3,000 Pell Grant in academic year 1986-87, when we know full well that the funds would not be available to meet that promise.

If we must enact legislation this year, would it not be better to address current budget concerns now and avoid a reconciliation bill next year?

I believe if a bill must go forward, it should go forward in a positive and constructive manner. As H.R. 5240 moves through the legislative process in the House, I plan to offer a series of amendments to address what I consider to be the fundamental problems in the bill.

H.R. 5240 makes huge promises to almost every sector of the higher education community. It is not easy to convince any sector of the community to scale back an authorization or delete a program once it has been promised to them by the Chairman of the subcommittee. It is unfair to raise the expectations of the higher education community without having the dollars and cents available to turn those expectations and promises into realities.

In closing, I have to voice some questions. First and foremost is: Why consider a bill this year? Senator Stafford has personally told me that a bill will move through the Senate in 1984, and I quote, "Over my dead body!" I believe the Senator and expect that he has a long career ahead of him.

I also have wondered:

Why should we enact legislation which, by its very cost, could undermine our economic recovery?

Why should we allow political concerns to take precedence over sound education policy?

Why should we risk misleading the American people by promising them programs and funding which in all likelihood will never come to pass?

Finally, I have to wonder when the Chairman of this subcommittee will once again return to the tradition of working in a productive, bipartisan manner on higher education legislation?

Thank you, Mr. Chairman.

Mr. SIMON. All right. Before we get to our witnesses, if I may respond briefly to my friend and colleague, and he is my friend, and I

have great respect for him. There is no question that this Congress faces a serious budget problem. There is no question, at the same time, in my mind, that we have to determine, as a Congress, what our priorities are. And this subcommittee ought to be one of the agencies for telling the Congress and the people of this Nation what those priorities ought to be.

And I think one of those priorities ought to be in investment in our future. I don't think any economist can take a look at where you can get return on your dollar, will come up with any suggestion that the dollars we invest in higher education are not very substantial savings in the long run. I've never seen any study that suggests anything to the contrary. Are we, as a nation, going to discontinue making investments that pay off in the future? I hope not.

Second, what we have is a shift in emphasis. No question about it. A shift in emphasis that costs more up front but saves money, because we're not subsidizing loans as much as we have been, in the long run. And that seems to me to be sound fiscal policy, in addition to sound educational policy. Because the programs, up to now, and I think we have to be candid, the programs up to now have not been helping many of the people they were designed to help.

If we had the same percentage of blacks, Hispanics, and women who graduate from high school going into college, as we do white males, we would have no demographic projections of a decline in enrollment in the colleges of this country. Now, two other questions have been posed by my friend and colleague from Missouri. One is that he is going to have some alternatives, some amendments. I am going to be happy to sit down with you, Tom, or anyone else, to try and work these out.

This is not the law of the Medes and the Persians, cast in stone, that we're introducing. It is a concept. It is a very practical concept. It is a concept that would be a substantial improvement in higher education and would be a tremendous plus for this Nation.

And then the final question is why do it this year? In part for the same reason we did it in 1980. We felt that in an election year, frankly, it is more likely that you're going to get the OK of an administration than you will on the year following the election, and I have been in politics long enough and, Tom, you've been in politics long enough to know that is a reality.

I hope we can emerge with something, and let me just add that I have talked to Senator Stafford, I have talked to Members of the Senate of both political parties. If the House passes something, I have every reason to believe the Senate is going to act.

Now, obviously what the Senate passes and what the Senate acts upon may look somewhat different than the House product. And then we're going to have to work out practical compromises. There are going to be a lot of compromises in this bill before it sees the light of day in the House. But I think it is important that we move ahead. I think it's important that we let people know where we stand in an election year, where we in the House stand, where we stand in the Senate, where this administration stands. I want, in a sense, people to have their feet to the fire in this election year.

Mr. Owens, do you want to add any fuel to the fire here?

Mr. OWENS. No, Mr. Chairman. I have no statement.

Mr. SIMON. All right.

We have two distinguished witnesses to start off with here, Gary Jones, the Under Secretary of Education, and Dr. Elmendorf, who heads the higher education area for the Department.

[Prepared statement of Dr. Gary Jones follows:]

PREPARED STATEMENT OF DR. GARY JONES, UNDER SECRETARY, DEPARTMENT OF EDUCATION

Mr. Chairman and Members of the Committee, thank you for this opportunity to discuss this Administration's proposal to amend the Higher Education Act of 1965, entitled the "Higher Education Amendments of 1984."

Before proceeding with an explanation of our legislative proposals, I would like to emphasize that we are not proposing a reauthorization or extension of the Act at this time. We are continuing to study the need for long-term legislative changes in these programs, and will be submitting our proposals for reauthorization of the Higher Education Act at a later date. However, I think you can safely assume that our philosophy of restoring the traditional roles of the family and students in the financing of postsecondary education costs and of promoting institutional self-sufficiency will continue to be dominant and recurring themes.

The purpose of the amendments we are proposing is to authorize needed immediate initiatives included in the President's fiscal year 1985 budget. These initiatives will encourage student self-help efforts, improve the effectiveness and efficiency of our student aid and other higher education programs, reduce waste and program abuse, and more equitably distribute Federal assistance to disadvantaged students.

I am not prepared to comment in detail at this time on the legislative proposal for reauthorization of the Higher Education Act being proposed by Congressman Simon. Only last week did we see a large part of the proposal and what we have seen included some complicated changes in the Pell and Guaranteed Student Loan programs which could substantially affect the operation and costs of these programs. For example, the distributional and cost impacts of the proposed provisions to extend eligibility for Pell Grants to first-year graduate and professional students, changes to the Pell award rules, and provisions for variable interest rate student loans, as well as other changes, are difficult to quickly and accurately assess.

My initial reaction is that these amendments do little to restore the traditional roles of the family and the student in the financing of postsecondary education costs and of promoting institutional self-sufficiency. It appears these proposals in general would have the undesirable result of increasing the Federal Government's responsibility for financing postsecondary education.

Let me now be a little more specific in describing the legislative changes accompanying our FY 1985 budget request.

STUDENT SELF-HELP INITIATIVE

A major purpose of this legislation is to promote the principle that postsecondary students should be expected to contribute to their own education costs before Federal grant assistance is provided. This policy would be implemented by:

increasing College Work-Study support by $295 million in fiscal year 1985—representing a potential increase of some 335,000 student jobs;

giving institutions more flexibility in using Work-Study funds by allowing them to make student grants and to use funds for Cooperative Education and Job Location activities.

extending the need test for Guaranteed Student Loans (GSL) to students of all family income levels; and

restructuring the Pell Grant into a Pell Self-Help Grant explicitly designed to supplement family and student contributions.

This reformed grant program, in tandem with the federally subsidized work and loan programs, would continue to ensure access and broaden the institutional choice of financially needy students.

STUDENT GRANTS

These amendments include provisions designed to encourage student self-help and to target Federal grant aid toward students with the greatest need. Under the amended Pell Grant program, student awards would become subject to reasonable self-help expectations. The grant amount and self-help expectations would vary with

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education costs so that needy students interested in attending higher cost schools and willing to undertake greater self-help efforts would receive larger amounts of Federal grant assistance than under current law.

In place of the current half-cost limit, the Pell Self-Help Grant would be limited to 60 percent of educational costs minus the expected family contribution, with a minimum student self-help expectation of $500. The maximum Pell award would be increased to $3,000. An inequity in the current program, whereby the expected family contributions of some students (those affected by the half-cost rule) are ignored, would be eliminated.

The combination of Pell Self-Help and Supplemental Grant awards would be limited to 60 percent of educational costs or $4,500, whichever is less, minus the expected family contribution. Also, the receipt of Supplemental and Pell awards by a particular student would be generally limited to four academic years—restoring a reasonable limit which was repealed in 1980.

WORK-STUDY COOPERATIVE EDUCATION

This legislation would increase to $850 million the 1986 Work-Study authorization level, and also increase institutional discretion in the use of these funds. While it is expected that the Work-Study program will be used primarily to finance employment opportunities, it is recognized that in special circumstances an institutionally—based grant might be required to complete the financial aid package of a needy student. Therefore, participating institutions would be allowed to use up to 50 percent of their Work-Study funding for making Supplemental Grants. The institutional allocation provisions would be simplified and made more equitable, with State allotments based solely on relative full-time equivalent enrollment subject to a FY 1984 hold-harmless level thus tying funding more closely to students' needs. All other hold-harmless provisions would be repealed.

An institution would be permitted to reserve up to $100,000 of its Work-Study allocation for purposes of administering Job Location and Development Centers, cooperative education, and/or adult literacy programs. This new approach to Federal support for cooperative education is designed to consolidate funding for federally sponsored student employment programs under a broader and more flexible program—through which insitutional and student participation in cooperative education programs may be substantially expanded.

STUDENT LOANS

The bill includes several important amendments to the Guaranteed Student Loan program. All applicants for regular Guaranteed Student Loans would become subject to the need analysis limitation which now applies only to those with adjusted family incomes above $30,000, thus eliminating unnecessary borrowing while improving equity in student treatment.

We are also proposing several amendments which are designed to re-establish State cost-sharing in meeting the administrative and default costs associated with the Guaranteed Student Loan program:

All current interest-free Federal loan advances to guarantee agency reserve funds would be returned by October 1, 1985.

The two guarantee agency administrative allowances based on new loan volume would be repealed.

The agencies would still be allowed to retain up to 30 percent of their default collections, as well as their borrower insurance premiums, to help meet administrative costs.

Federal reinsurance would be reduced from 100 percent (generally) to 80 percent of default costs.

These measures would create new incentives for State level efforts to control Guaranteed Student Loans default and administrative costs.

In the National Direct Student Loan program, Federal cancellation payments to educational institutions related to outstanding loans to individuals in certain occupations would be based only on the original institutional investment. Institutions would not have to reinvest these repayments in the National Direct Student Loan program as is now required. The National Direct Student Loan interest rate would be increased from 5 to 8 percent (the current Guaranteed Student Loan rate), effective for loans made after June 30, 1985. This would establish some degree of equity between National Direct Student Loan and Guaranteed Student Loan programs and would increase the flow of funds available for new loans in a reasonable way without new Federal capital appropriations.

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INSTITUTIONAL AID PROGRAMS

We also will continue to support the Institutional Aid programs which provide Federal assistance to those postsecondary institutions serving high percentages of disadvantaged students. Our proposal reflects the President's continued commitment to historically Black colleges and universities as well as to many predominantly minority institutions.

Grants for these programs would provide assistance to participating institutions to improve the quality of their academic programs, student services, institutional management and fiscal stability and promote the ultimate objective of institutional self-sufficiency. The Department proposes legislative changes which would simplify the Institutional Aid programs, reduce administrative burdens, improve targeting of funds to "truly developing institutions" and emphasize endowment building. These proposals include:

merging Parts A and B, which are similar in purpose and method of operation, into one program;

limiting the assistance under the newly merged program to one five year non-renewable grant, with matching requirements of 10, 20, and 30 percent for the third, fourth and fifth years of the grant period;

simplifying the determination of institutional eligibility by reducing the number of eligibility factors from three to two, resulting also in an improved targeting of resources to schools with limited resources; and,

maintaining and emphasizing the new Endowment program as a major tool for promoting institutional self-sufficiency, while phasing out the Challenge Grant program.

SPECIAL PROGRAMS FOR THE DISADVANTAGED

To assist disadvantaged students to gain access to and complete programs of postsecondary education, and to complement the Federal investment in student financial assistance, the amendments we have submitted would consolidate and simplify the Special Programs for the Disadvantaged. The Department's proposals would restructure these programs and require institutions to share the costs of projects, reduce administrative burdens, limit eligibility, and target funds to programs that provide direct services to disadvantaged students. The changes we propose include:

eliminating the language which permits first generation college students to participate in the program, since these students are not necessarily needy;

providing authority for low-income and handicapped students to be eligible for all, instead of just some of, the Special Programs;

requiring cost-sharing of 10 percent for institutions participating in the Upward Bound program, in recognition of the benefit accruing to institutions in the form of increased enrollment;

limiting eligibility for the Special Services and Upward Bound programs to postsecondary institutions participating in the Federal student assistance programs to ensure funds help needy students;

requiring cost-sharing and eventual institutionalizing of the Special Services program in recognition of institutional responsibility for their students; and

consolidating the highly similar Talent Search and Educational Opportunity Centers programs into a single program which could be financed with Special Services or Upward Bound funds.

We believe that these amendments would substantially improve the effectiveness of Federal student financial assistance and other higher education programs and would result in a more equitable distribution of limited Federal resources.

I will be happy to respond to any questions you or members of the Committee might have.

STATEMENT OF DR. GARY JONES, UNDER SECRETARY OF EDUCATION, DEPARTMENT OF EDUCATION; AND DR. ED ELMENDORF, ACCOMPANIED BY WILLIAM DINGELDEIN

Dr. JONES. Thank you, Mr. Chairman. We're also joined by Mr. Dingeldein, who is Deputy Director of Budget Services in the Office of Planning, Budget and Evaluation.

If I may, Mr. Chairman, I too have appreciated the relationship you and I have had for 3 years. We have normally always disagreed but we've done it without being disagreeable.

Mr. SIMON. I'm going to have to excuse myself. I have two important people here to see me who happen to be from Illinois. [Laughter.]

Dr. JONES. Very fine.

Mr. COLEMAN. And I'm going to adjourn the hearings after he leaves. [Laughter.]

Dr. JONES. Well, Mr. Chairman, we appreciate the opportunity to appear here today and we do want to make sure the record shows that the administration at this time is, today, testifying to reflect its interest and its proposals as they relate to legislative initiatives submitted within the fiscal year 1985 budget. They should not be construed as a reauthorization package by the administration.

ADMINISTRATION'S FISCAL YEAR 1985 STUDENT AID PROPOSALS

I would, however, like to make a few comments in addition to the prepared text we have submitted. There has been much ado, over the past 2 or 3 years, about where this administration stands in relation to student financial aid, which takes 42 percent of the Department of Education's budget. So let me just briefly indicate to you what we have most recently submitted to Congress as legislative proposals, as well as consequent budget actions.

PELL GRANTS

No. 1, as it relates to the Pell grant, we have suggested increasing the maximum award to $3,000, which is $1,100 over current law. We have advocated increasing the maximum family income for a student to be eligible for an award to $28,400, which is $2,500 in excess of current law. We have increased the targeted funds to the low income students. Current law provides about 74 percent to students from families with an income of $12,000 or less. Our proposal would provide about 80 percent to those students.

We are proposing to increase the average award some $150, to $1,221. We also are advocating increasing the direct and indirect allowable cost to $3,000 for those students not living at home, which is $1,000 more than current law.

WORK-STUDY

As our proposal relates to the work-study program, once again we are advocating a 52-percent increase in funding, which would push the funding level up to $850 million. This would provide additional funding for about 300,000 recipients at the undergraduate level and 36,000 at the graduate level.

We're also advocating, rather than a 10 percent transfer of college work-study funds, a 50-percent transfer into the SEOG Program. Also we are advocating increasing flexibility for institutions who wish to allocate money toward cooperative education, job location development centers, or adult literacy programs.

GSL PROPOSALS

There has been much talk also about what we can do for graduate and professional students, and we have some ideas with the auxillary loan program. One is to expand the eligibility to parents

and spouses of graduate students. We also suggest there should be a deferrment of the repayment of the principal for 6 months, once a student has gone below a one half-time enrollment status. We also think lenders should be provided the authority to have each loan repaid over a 10-year period of time.

Relating to the Guaranteed Student Loan Program, we have been able to lower our budget request for GSL by advocating some cost-saving measures. If we don't enact these measures, Mr. Chairman, we're going to need another $221 million in fiscal year 1985, above and beyond what the administration is already proposing.

CAMPUS-BASED PROPOSALS

We are suggesting, for the SEOG Program, that with the 50-percent transfer possibility of funds from the college work-study program, there could be as much as $425 million in the SEOG Program for grants. This is $50 million more than current appropriation and it would also provide a maximum grant aggregate total of $4,500, which is $600 above the current law.

And as it relates to NDSL we are suggesting that the $585 million in revolving funds out of the $5 billion that are out there would be useful for several hundred thousands students.

SELF-HELP PROPOSALS

In summary, Mr. Chairman, for student financial aid, the self help proposal that the administration is advocating for the second year really permits students at all income levels attending higher cost schools to receive more Pell grant dollars than under current law. It permits low-income students at community colleges to perhaps receive up to 20 percent more Pell grant dollars. It permits low-income students to receive more Pell grant dollars at all institutions than under current law, and any student who demonstrates need will still be able to receive the Federal student financial aid program dollars.

COLLEGE BOARD STUDY

In conclusion, Mr. Chairman, let me mention there have been comments recently—yesterday over the wire services—about the college board and its latest report which talks about a 20-percent underfunding level for student financial aid since 1980. I would like to just take a moment and have the record show that the report the college board has released has overstated the 1980 Pell grant cost by some $200 million and that the guaranteed student loan estimates they used do not correlate with our numbers. They also included Social Security and Veterans' benefits programs, which are not need-based, to get to their 20 percent underfunding assessment.

It also does not take into account the increase in disposable income for parents as a result of the 25-percent cut in the tax rate.

More specifically, the student financial aid appropriations since 1980 have increased fully 28 percent in nominal terms. So, I think the Congress and the administration, working together, have provided what has turned out to be a reasonable level of funding to

meet the needs of the students who wish to continue their education beyond the secondary level.

We are prepared to respond to your questions.

Mr. SIMON. Those last figures you just put together, they exclude the Social Security cut completely?

Dr. JONES. The 28-percent increase?

Mr. SIMON. Yes.

Dr. JONES. Does it exclude it? Yes, it does exclude it. That's just the Department's program.

Mr. SIMON. Yes, yes.

Mr. Coleman.

ADMINISTRATION'S VIEW ON REAUTHORIZATION

Mr. COLEMAN. Mr. Jones, I note on page 2 of your prepared statement that you stated that you were not commenting on H.R. 5240 in any detail because you, frankly, had not had time to really study it close enough and it was not provided to you in your offices until last week, and I think it was probably changed and updated since then.

You're here today and you said nothing you should say should be interpreted as an expression of support as far as reauthorization for this year, but you are setting forth the proposal which we have all seen before from the administration. Is that basically your testimony, then?

Dr. JONES. Yes. We are certainly constantly thinking about reauthorization, but currently what we are submitting are legislative proposals to implement our fiscal year 1985 budget.

MERIT-BASED AID

Mr. COLEMAN. Well, in general, do you feel that there is a place in our higher student aid programs regarding merit-based student aid at all, and if so, would you care to comment, just philosophically, and in general?

Dr. JONES. I am a strong advocate of merit-based aid, but not supported by the Federal Government. I am not interested in having a debate in the Halls of Congress as to how much money should go for merit-based aid and how much should be for need-based aid. I have talked about the concept whereby the private sector can provide the necessary dollars to implement a very worthwhile merit-based program.

CAMPUS-BASED ALLOCATION FORMULA

Mr. COLEMAN. I do note that in Mr. Simon's proposal that he has set up an allotment formula for college study and institutional block grants in which the formula utilizes, as part of its base the amount of GSL's that an institution might be having utilized on its campus. Do you have information now? How difficult would it be to get that information? And what would be the effect of utilizing that concept in alloting other funds?

Dr. JONES. Well, I'm intrigued by that because we talked about a campus-based block grant program 2 or 3 years ago and we didn't receive any support from the Democratic Members of the Congress

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at that time, nor did we get it from the community. So, we kind of disbanded the idea.

We would be more than happy to report back to you, Mr. Congressman, at another time, as to what our reflection would be as it relates to block granting of those programs.

Mr. COLEMAN. Could you comment specifically about the utilization in the formula of the amount of aid received through the student loan program? In other words, would there possibly be an attempt to overutilize unecessarily GSL's in order to boost up an institution's allotted funds, under these other formulas?

Dr. JONES. I would expect so.

ACCESS AND CHOICE

Mr. COLEMAN. I wonder if you could just comment briefly about access and choice, the two key reasons for having federally funded student aid programs. Do you feel that the Higher Education Act, in its present form, generally reflects the concern of both access and choice, and if you've had a chance to address H.R. 5240 on this issue also, could you do that? Do you feel that your proposal addresses those needs also?

Dr. JONES. Well, we're not prepared to talk about H.R. 5240, Mr. Congressman. I did not receive the final copy of that report, or the bill, until Friday of last week and I've hardly had time to digest the delicate matters within it. I would, however, suggest that the current law, as well as the administration's proposals, are highly cognizant of access and subsidizing choice. We have long advocated a continuation of the Federal role of assuring access, and a measure of choice. Our proposals, simply, we think, provide more dollars to the most needy students and also encourage a minimal level of student self-help and a greater family contribution by the middle income and higher income families.

Mr. COLEMAN. Mr. Chairman, I thank the witness for his testimony. I think that perhaps at a later date after they have an opportunity to reexamine the legislation, they may perhaps want to make additional comments later in the hearing process. I thank the gentleman.

TIMING OF REAUTHORIZATION

Mr. SIMON. We will provide that opportunity. I recognize there has been a short time here.

Mr. Owens.

Mr. OWENS. Just one basic question, Mr. Secretary. The President's Commission on Excellence in Education issued a report entitled "A Nation At Risk" where they emphasized the fact that there is a need for a sense of emergency—a sense of urgency with respect to education. Are you saying, by your statement, that there was no contemplation of putting forth the reauthorization proposal this year, that that sense of urgency does not apply to higher education?

Dr. JONES. Well, the report largely focused on secondary education as opposed to postsecondary or even elementary education, for that matter. But you should not draw from that report, nor from

our testimony here, that we're not interested in reauthorization of higher education.

We do not contemplate enough action this year by Congress in order to have the administration submit its official reauthorization package. We are continuously, through Dr. Elmendorf's office, and Dr. Bauer's Office of Planning, Budget, and Evaluation, as well as my own, looking at what matters should be undertaken through a reauthorization bill, and as time progresses we will begin to put a bill together and be happy to share it with you.

ADMINISTRATION'S SUPPORT OF HIGHER EDUCATION

Mr. OWENS. Well, there's been a decrease in the number of students entering high educational institutions as a result of the Reagan administration's budget cuts. Are you saying that there's no need to express any concern about this, that the pool of people with higher education in this country is great enough to meet our needs in industry and defense and that we are prepared like other countries, like the Soviet Union, we are up to par?

Dr. JONES. I don't think you can measure a congressional Member's, nor an administration's emphasis on education simply in a matter of dollars. I think you have to measure it as a total contribution to the public's consciousness toward education. Without question we have the greatest reform movement in this Nation's history as it relates to American education, and the President and the Secretary have been catalytic in that venture.

Having said that, I think it's also important to understand that the enrollment in higher education has remained fairly constant for the last 3 or 4 years, even though, Mr. Congressman, there has been a decline in the number of high school graduates for the past few years. So, I think we need to be very careful when we analyze how many students are now in college, if there has been a decline in entering freshmen and sophomores in the last few years. If so, it's because there are fewer students graduating from our high schools.

The policies now in force, the statutory programs in force, are there to make sure any student who wishes to have access to higher education can, and the budgetary program, as passed by Congress for the past several years, has been able to endorse that policy.

Mr. OWENS. Well, you would say that the number of students enrolled in higher education institutions in the Soviet Union, the number being graduated in the Soviet Union from higher education institutions, is of no concern when compared with the numbers that we have?

Dr. JONES. I think the Soviet Union has its own way of educating its students, and far be it from me to endorse that, as opposed to ours. I don't think there is any nation in the world that can compare with the type of opportunities we provide students, from kindergarten through graduate and professional schools.

I think it is important we continue to recognize the needs—the financial needs—of our students, and that we meet those needs. Personally I think it's time we began to reward people for their achievement in secondary school and maybe that way through

merit scholarships we could improve achievement by our students in colleges and universities so that we can continue to compete intellectually, economically, and other ways against the Soviet Union.

Mr. OWENS. Thank you, Mr. Jones.

Mr. SIMON. Mr. Penny.

Mr. PENNY. No, I have no questions.

CBO'S ASSESSMENT OF ADMINISTRATION'S PROPOSAL

Mr. SIMON. Just if I may quote from a CBO memo to John Dean here. Just three quick comments, among the many others they have. "Fully funding the proposed Pell self-help grant formula would cost $3.7 billion in 1985 or 30 percent above the administration's request." They also point out that it reduces the flexibility that campuses have. It also says, "Some students with higher incomes at high cost schools, who had not previously received Pell grants, would get awards under the administration's proposal," and, "Total funding for the campus-based programs, SEOG's, NDSL's, and College Work-Study would decline by 23 percent." Do you have any comments on their assumptions here?

Dr. JONES. I haven't too many comments except that it's very clear, Mr. Chairman, there are programs we have advocated to be zero funded. You have just come from a meeting, sir, that is addressing the very difficult problem of budget considerations, and we constantly address that as well. We have looked for ways by which we can continue to meet the needs of students without providing new funds every time we come to Congress.

That is why when you look at the NDSL Program, we suggest we need to emphasize that institutions need to get those revolving dollars back into the institutions; and in 1985 we're expecting $585 million for that particular program.

Congress has continued to provide $180 million or so in new capital for that. We simply disagree. We don't think it's necessary to continue to spend money for that program when you have $5 billion in revolving funds and $585 million coming back in. As to flexibility, I think there's a lot of that we're advocating. When you take the congressional statute now of 10 percent transfer of college work-study into SEOG, and note we're suggesting 50 percent—that's a tremendous amount of flexibility we're providing institutions. We're providing more flexibility by letting them take not $25,000 but $100,000 and put it into cooperative education or adult literacy, which I know you're interested in, Mr. Chairman, as well as in the job location development centers.

So, there are many flexibilities we have integrated into our proposal this year.

Mr. SIMON. We thank you.

Mr. Gunderson, I'm sorry.

Mr. GUNDERSON. Thank you, Mr. Chairman. I'm kind of bashful so I'm not easily recognized.

Mr. SIMON. I did not see you walk in. My apologies.

STUDENT ACCESS IN RECENT YEARS

Mr. GUNDERSON. No problem at all.

One of the concerns that we all have is this question of access and we try to balance that with a commitment regarding the fiscal situation we face in this country with the budget. As I traveled around my campuses in my district over the Presidents' day recess and met with all but one of the chancellors, every one of them told me that they did not believe that as a result of the changes that we have imposed in the last couple of years that they had denied students access to their campus. They felt that we were at the point where we, however, had cleaned up the abuses. They were concerned where we went from here.

My concern and my question is, Has the Department, or are you, undertaking any studies at the present time in preparation for your reauthorization proposal? Did any analysis occur nationwide of the impact of the various changes that have occurred in the last 3 years, and in particular the impact of that on access to various students?

Dr. JONES. I think it's fair to say we have not done analyses, as it relates to our reauthorization package, because we don't have one. It is fair also to say, however, that we have done considerable analyses for submission of our fiscal year 1985 budget. Much of that has been done by Dr. Elmendorf in the Office of Postsecondary Education, and Dr. Bauer, who is our Deputy Under Secretary for Planning, Budget, and Evaluation.

We are very sensitive to any proposed program we submit to Congress. We take into consideration several things: demographic trends and economic trends of the country, the disposable income of families, targeting the most needy students, and things of that nature. I think it's very clear that the proposals we're putting forward address the needs of the most needy students.

There are some students who won't get as much grant money as they've gotten before, because they're more or less in middle income range families and they will be either providing more family contribution or they will be receiving, perhaps, more college work-study or something of that nature.

I think it also needs to be mentioned that, over the last 2 or 3 years, there has been a greater contribution by parents to their students' educations. We were told 2 or 3 years ago that this simply could not occur, that we had to have more Federal funding in order to accommodate students' needs. And we're working on some data in the Department now that will indicate, I think, fairly clearly that many people did not think as much Federal aid would be available as it turned out to be about 2 years ago when we had the big testimonies up here all the time. When parents didn't think the money was available, they did provide the money, because there has been about a 10-percent increase in parental contributions over the last 2 or 3 years.

Mr. GUNDERSON. Are you anticipating doing any comprehensive studies in this area?

Dr. JONES. Yes, sir, we will.

NONTRADITIONAL STUDENTS

Mr. GUNDERSON. My other question would be in the area of the nontraditional student. It seems to me that it is impossible to look

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at the question of reauthorization and the needs for higher education, financial assistance in the mid-1980's and beyond without recognizing a very unique and different type of student who is becoming very, very important on almost every campus in this country, that being the older, nontraditional student.

Is the Department contemplating any kind of special financial assistance programs, recognizing the rather unique needs of this type of student?

Dr. JONES. Well, we have an adult literacy initiative now that addresses those people, to some degree. We have an emphasis on cooperative education now also.

Mr. GUNDERSON. We're talking well beyond literacy. I mean, we're talking about someone who has been to college and has a need to come back.

Dr. JONES. Yes, it's well beyond literacy.

Well, you will find that our student financial aid programs do address that as well, through the auxillary loan program, allowing parents as well as spouses to borrow under that program. That would help address the need of the nontraditional student.

Mr. GUNDERSON. You do recognize we have a special situation here that needs to be studied?

Dr. JONES. Yes, sir. That age group of the student population continues to grow. That's one reason we've had a decline in the number of high school graduates, which has had a leveling effect of enrollment in our institutions of higher education.

Mr. GUNDERSON. Thank you, Mr. Chairman.

Mr. SIMON. We thank you. Dr. Elmendorf, you are going to be with us this afternoon, I understand.

Dr. ELMENDORF. Yes, sir.

Mr. SIMON. All right, great.

We thank you very much. We will have one more witness now, then we're going to recess until 1:30, and proceed with the additional witnesses at that point.

My colleague, Congressman Bob Garcia, is somewhere here. There he is. Sitting modestly in the back of the room.

[Prepared statement of Congressman Robert Garcia follows:]

PREPARED STATEMENT OF HON. ROBERT GARCIA, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF NEW YORK AND CHAIRMAN, CONGRESSIONAL HISPANIC CAUCUS

Mr. Chairman, it is my pleasure to testify today as chairman of the Congressional Hispanic Caucus before the Educational and Labor Subcommittee on Postsecondary Education, for your bill to reauthorize the Higher Education Act which addresses the concern for access and equity in postsecondary education for Hispanic Americans.

The major issues facing Hispanics in higher education are limited access, discriminatory employment practices and disproportionately high attrition rates. Hispanics' limited access to higher education is exposed by the following statistics. From 1970 to 1980, Hispanic full-time undergraduate students increased from only 2.1 percent to 3.7 percent of the total college enrollment. While overall Hispanic college enrollment has increased in the past ten years, these figures are very misleading. Factoring in the declining college enrollment for the total population and the growth of Hispanics in the 18 to 24 year old brackets, we find that Hispanic college enrollment fell from 20.4 percent in 1975 to 16.1 percent in 1980. These figures belie any claims of greater Hispanic participation in higher education, but rather point to the imminent danger of having another generation of Hispanics lose the opportunity for a quality education.

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Other patterns to gage access to higher education do not brighten the picture. The distribution of Hispanics in postsecondary institutions reveals their limited penetration into the higher education system. In 1980, 54 percent of Hispanic students attended two year colleges as compared to 36 percent of nonhispanic students. This situation is problematic for the pattern is that Hispanic are not transferring from two-year to four-year institutions in significant numbers. Another telling factor revealing the limited penetration of Hispanics into higher education institutions is the concentration of Hispanic students in fewer than two percent of our Nation's universities. For example, the 72 institutions with significant Hispanic enrollment account for nearly one half of all mainland Hispanic students.

To make higher education accessible to Hispanics, it is important to provide them with an institution setting with proper role models, relevant curriculum and sensitivity to their particular needs, all of which can be best provided through Hispanic's participation at the administrative and faculty levels in postsecondary institutions. Unfortunately we are far from having a proportionate share of Hispanic participation in the higher reaches of the higher education establishment where Hispanics are grossly underrepresented. Only 3 institutions are governed by Hispanic majorities compared to more than 102 colleges and universities controlled by blacks and approximately 26. indian-controlled institutions. While Hispanics constitute about 2.7 percent of all employees in postsecondary institutions, they make up only 1.4 percent of the executive, administrative and managerial personnel and only 1.5 percent of faculty.

The lack of institutional settings sensitive to the particular needs of Hispanic students is best reflected in the serious attrition rate of Hispanic college students. Fifty-seven percent of Hispanic males and fifty-four percent of Hispanic females fail to graduate as compared to thirty-four percent of white males and females. When these figures are considered together with the already low totals of Hispanic college enrollment, one is forced to conclude that higher education is far from accessible to Hispanics and so are the opportunities which result from such education.

The consequences of the limited accessibility to higher education are exacerbated by the demographics of the Hispanic population. Hispanics are the youngest population group in the nation. Their median age is 22 years, compared to 30 years for the non-Hispanic population. The proportion of the Hispanic population below 18 years old is much larger than that of the non-Hispanic population. The youth of Hispanics as a group makes them the most vulnerable to the consequences of not being afforded the opportunity to pursue postsecondary education.

Another important demographic factor affecting Hispanics' educational opportunities is their concentration is urban areas. Eight-eight percent of Hispanics reside in cities and ninety percent of Hispanic students attend public school. This means that most hispanic elementary and secondary students are enrolled in the mammoth and problem-ridden school districts of large cities. The issue of Hispanic representation in postsecondary education is tied to the plight of elementary and secondary schooling for Hispanic. The difficulties many of these students face both in Kindergarten through twelfth grade and in higher education suggest the necessity to improve the transition between the two systems.

I have outlined for you the challenges Hispanic Americans face in the pursuit for access and equity in higher education to emphasize the urgent need for the provisions in your bill addressing these challenges. For Hispanics, one of the most important provisions in your bill is the one for strengthening institutions with significant enrollments of Hispanic students by providing them with funding through a set-aside of $10 million dollars or up to 15 percent of title III funds. There only exist in the U.S. mainland three institutions which were established with the specific intention to serve Hispanic students, two of which are in my district. Unlike blacks and American Indians, Hispanic attend institutions that do not have historical missions to serve Hispanic students. This provisions recognizes the need for giving schools incentives to reach out to the Hispanic community by providing Hispanic students with an institutional setting sensitive to their particular situation. Through supporting these schools that have manifested a vested interest in serving Hispanics, we make higher education more accessible to the most educationally disadvanted group. We support the Subcommittee's intent in broadening the criteria for Hispanic institutions. Instead of just relying on pure numerical majority criteria, the Subcommittee has evolved criteria sensitive to the actual distribution of Hispanic college students in postsecondary institutions.

Another area of concern which your bill takes into account is that of financial assistance. Unless we can assure that students are able to underwrite the cost of college, postsecondary education will remain inaccessible. Since the Hispanic population does not earn much money in general, in financial aid programs are absolute-

ly critical. In 1980 the median income for Hispanic families was 14,700 dollars or 50 percent less than for white families and 25.7 percent of Hispanic families were below poverty levels. As a result, postsecondary education is rarely seen as an option because parents assume that it is beyond their financial means. In addition the complexity of the grant/loan process discourage parents and students unfamiliar with necessary application processes from seeking available needed financial aid. In fact studies have found that Hispanic students' grant/loan packages have a higher proportion of loans which, unlike grants, increase student indebtedness. Your bill addresses these concerns by simplying the grant/loan process to one work, one loan and one grant program coupled with a campus-based block grant. The overall simplification of Title IV programs will contribute to improving student access and the equality of educational opportunity for low income students, especially Hispanics and other miniorities. Moreover the financial aid package will limit student indebtedness by expanding grant and work assistance. By reducing economic and administrative barriers to student financial assistance, more students will be able to take advantage of the opportunities a college education can provide.

Your bill recognizes the effectiveness of the Special Services for Disadvantaged students programs in channelling disadvantaged students toward higher education. The TRIO programs have worked well in the past though limited int he extensiveness of their impact by inadequate funding. At present, the TRIO programs are serving less than 10 percent of the eligible student population which meet the 150 percent of poverty criteria. If present TRIO levels persist through the second half of the 1980's, and nothing is done to make more and better information about college opportunities available to needy students, another generation of Hispanic students will be denied access to postsecondary education. Over 90% of the students who have been afforded the opportunity to participate in TRIO programs, such as talent search and upward bound, go on to college. Among the TRIO programs, the High School Equivalency (HEP) and the College Assistance Migrant Program (CAMP) serve the most educationally deprived segment of the American population—migrant and seasonal farm-workers. The HEP population is over 65 percent Hispanic and the CAMP student population is over 90 percent Hispanic. Thus, the HEP's and CAMP's are providing the most disadvantaged Hispanics with access to the mainstream of secondary and postsecondary educational opportunites. The Modifications included in your bill, such as authorization increases, will permit the enhancement and expansion of TRIO's outreach to the target population and service more students.

Your bill opens up the option for cooperative education as an alternative way for Hispanic students to finance their college education by increasing its funding. The partnership between the private sector and the academic institution translates into both financial aid and employment opportunities for the students. This program is important to the Hispanic student as it provides him with assistance in overcoming at the same time the economic and employment hurdles that face him.

This bill, in response to the hearings on Hispanics access to Higher Education, includes a provision to meet the critical need for meaningful statistics on Hispanics in Higher Education which mandates the National Center for Educational Statistics to collect data on the educational attainment of Hispanics. In order to be able to address the issues of educational opportunity and equity, it is important to better evaluate the extent and the quality of Hispanic participation in Higher Education.

In this area of budgetary restraints and conservative fiscal policy it is imperative that our limited resources go to the areas of greatest need. The risks of not attending to those in greatest need may result in their not integrating into our technological society through their lack of participation in the opportunities which our society offers. This society must provide its youth with the education necessary to make them productive participants.

It is not only the right policy but good policy as well that we support and build up minority participation in postsecondary education, for the return which the government gets on its investment with these programs is significantly greater than its outlay. College graduates are much less likely to be unemployed than people who have not attended college. Therefore, they are less likely to drain the government's resources as recipients of public assistance. College graduates also have a much higher median income than non-college graduates. As a result, they contribute to federal revenues directly, through their tax dollars, and indirectly, through the ripple effect of their purchasing power.

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STATEMENT OF HON. ROBERT GARCIA, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF NEW YORK

Mr. GARCIA. Mr. Chairman, first let me thank you and let me make it very clear that I will not take more than a few minutes.

What I'd like to do, with the permission of the committee, is to just summarize my statement.

Mr. SIMON. Your full statement will be entered in the record.

Mr. GARCIA. Thank you very much.

First of all, I didn't know how to address you, Mr. Chairman, as Senator or Congressman. But in any event, as an elected official, both, we wish you well.

Just ever so briefly, let me start off by congratulating the committee and especially you, Mr. Chairman, for your continuous fight on behalf of so many who have needs in this country, and we in the minority communities are deeply appreciative of all your work.

I would like to say to all the members of the committee that I am testifying here on behalf of the congressional Hispanic caucus. But I am sure that the figures that I will cite will pretty much relate to the black community or the poor white community of Appalachia as well. I think the equation, there is a common denominator wherever there is poverty, and in stating that to you, Mr. Chairman, I would like to talk about, very specifically, and I will just read one paragraph or two, that the major issues facing Hispanics in higher education are limited access, discriminatory employment practices, and disproportionately high attrition rates.

Hispanics' limited access to higher education is exposed by the following statistics: From 1970 through 1980 Hispanic full-time undergraduate students increased from only 2.1 percent to 3.7 percent of the total college enrollment. While overall Hispanic college enrollment has increased in the past year, the figures are very misleading. And it's for the same reasons that the Secretary who just testified before us, his figures are misleading as well.

As chairman of the Census Subcommittee in 1980, from 1979 through 1981, and having understood those figures and statistics, the reasons why the population in these institutions have remained the same is because the number of young people who are eligible today to enter into the institutions of higher learning have increased a substantial percentage. So that while the numbers look the same as they were before, in reality when you look at it in direct proportion to the number of youngsters who were eligible to go, there has been a significant drop.

And so when we talk about the Hispanic community, which has gained 1.6 percent in total college enrollment over the last 10 years, the fact is that the numbers really have decreased.

Factoring in the decline of college enrollment and the growth of Hispanics, and this falls into that category, in the 18- to 24-year-old brackets, we find that Hispanic college enrollment fell from 20.4 percent in 1975 to 16.1 percent in 1980. So, that as it relates to the conversation that you've just heard, you can see that those facts are misleading. And I think the record should be made quite clearly.

The other paragraph I would like to read to you, Mr. Chairman, is that the consequences of limited accessibility to higher education

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are exacerbated by the demographics of the Hispanic population. Hispanics are the youngest group in the Nation. Their median age is 22 years old compared to 30 years old for the non-Hispanic population. The proportion of the Hispanic population below 18 years old is much larger than that of the non-Hispanic population. The youth of Hispanics, as a group, makes them the most vulnerable to the consequences of not being afforded the opportunity to pursue postsecondary education.

Another important demographic factor affecting Hispanic educational opportunities is their concentration in urban areas.

Eighty-eight percent of Hispanics reside in cities, and ninety percent of Hispanic students attend public schools. This means that most Hispanic elementary and secondary students are enrolled in the mammoth and problem-ridden school districts of large cities. The issue of Hispanic representation in postsecondary education is tied to the plight of elementary and secondary schooling for Hispanics.

The difficulties many of these students face, both in kindergarten through the 12th grade, and in higher education, suggest the necessity to improve the transition between the two systems. Another area of concern which your bill takes into account is that of financial assistance. Unless we can assure that students are able to underwrite the cost of college, postsecondary education will remain inaccessible, since the Hispanic population does not earn, let me repeat that, does not earn much money in general. And financial aid programs are absolutely critical. In 1980 the median income for Hispanic families was approximately $14,000, $14,000 to $15,000, or 50 percent less, than for white families and 25.7 percent of Hispanic families were below poverty levels.

As a result, postsecondary education is rarely seen as an option because parents assume that it is beyond their financial means.

I'm going to sum up now, if I may. I just think the statistics are important, Mr. Chairman, in terms of this dialog between the committee and the congressional Hispanic caucus.

It is not only the right policy, but good policy as well, that we support and build up minority participation in postsecondary education, for the return which the Government gets on its investment with these programs is significantly greater than its outlay. College students are much less likely to be unemployed than people who have not attended college. Therefore, they are less likely to drain the Government resources as recipients of public assistance. College graduates also have a much higher median income than noncollege graduates.

As a result, they contribute to Federal revenues directly through their tax dollar, and indirectly through the ripple effect of their purchasing power.

Mr. Chairman, as usual, I think you're terrific and I thank you very much for the opportunity.

Mr. SIMON. We thank you very much and I just have a comment or two and then I'm going to turn the Chair over to Mr. Penny here, because unfortunately I have another meeting I have to get to.

The statistics you mention are dramatic. They become even more dramatic if you exclude community colleges, the 2-year colleges.

Mr. GARCIA. Right.

Mr. SIMON. Hispanics are disproportionately enrolled in those community colleges, and disproportionately underenrolled in the other colleges, public and private, of the Nation. Now, I don't mean to denegrate in any way the important role of community colleges. I am a strong backer of community colleges. But clearly there is an access problem.

One other comment, and this is nothing that we can handle with legislation, but just a general comment for my friends who are here from the higher education community. One of the things we also have to do to encourage Hispanics to become involved and to stay in higher education institutions is to have representatives of the Hispanic community and the faculty and administration of these institutions.

Just out of curiosity over the weekend I did some checking at Southern Illinois University, an institution between 2 campuses that has about 40,000 students. There is one Hispanic faculty member, in a State with a very substantial Hispanic population. Now, I'm not picking on Southern Illinois University, because I think I could find the same, unfortunately, in——

Mr. GARCIA. In New York State.

Mr. SIMON [continuing]. In New York State or a great many other places.

But, clearly, we have a job to do and students need faculty members with whom they can converse, whom they can see as role models, to make them feel a little more at home on a campus, and too often that, clearly, is not happening. I thank you. And I'm going to turn the Chair over to Mr. Penny. Mr. Coleman.

Mr. COLEMAN. I have no questions. I thank Mr. Garcia for being with us today and for his statement.

Mr. PENNY. Any questions at all? No questions to the left of me. No members to the right of me. [Laughter.]

And I don't have any questions, Mr. Garcia. Thank you for your testimony. We'll reconvene at 1:30.

Mr. GARCIA. Thank you very much.

[Whereupon, at 12:20 p.m., March 27, 1984, the hearing recessed until 1:47 p.m., the same day.]

Mr. SIMON. The subcommittee hearing will resume. We will now hear from Dr. Ed Elmendorf, the Assistant Secretary of Education for Higher Education.

STATEMENT OF DR. EDWARD ELMENDORF, ASSISTANT SECRETARY OF EDUCATION FOR HIGHER EDUCATION

Dr. ELMENDORF. Thank you, Mr. Chairman.

I have with me today Dr. Ron Kimberling on my left, who is the Deputy Assistant Secretary for Higher Education programs. On my right I have Ms. Sally Kirkgasler, who is the Program Office of Policy Development head, and on her right, Mr. John Haines, who is the Budget Office of Budget Development head for Postsecondary Education Evaluation Assessment.

We have no statement. We would be open to any questions the committee might have regarding the Higher Education Act or the continuation of the testimony this morning from Dr. Jones.

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Mr. SIMON. OK, we thank you. Mr. Coleman.

Mr. COLEMAN. Why don't you go ahead with your questions?

Mr. SIMON. Let me—do you want to explain a little bit on the self-help provisions of how you arrived at your recommendations for Pell?

Dr. ELMENDORF. Yes, sir. The Pell self-help is, first of all, not a new term invented by this administration. Self-help is a term commonly used in the financial aid community. It's much more narrowly defined by the community than it is in our proposal. But let me tell you how they differ.

Self help is generally conceived of as work-study and loan by the financial aid community, ways in which the individual can help themselves in terms of enhancing their financial aid package.

We have more broadly defined "self-help" and allowed it to be defined as any type of assistance a student might get from any source, whatsoever, other than the Pell Grant Program, or other Federal grant program. Essentially that means everything can be considered toward meeting what we propose as a $500 minimum self-help contribution by the student or 40 percent of cost. That, we feel, is a strong basis to go in alongside the family contribution to try to fulfill the philosophy that this administration has proposed now for almost 3 years consistently, that the student is the primary financier of college, with assistance from the parent. After that, other sources of aid should be considered. After that, should there be a remaining need, it is the responsibility of the Federal Government to try to fill that need, using a combination of work, loan, and grant funds.

Further, we have also, throughout our proposal, assured ourselves that students do not go without having their needs met, and we do that through a very dedicated targeting approach of funding, not only in the Pell Grant Program, where you heard the Under Secretary state this morning 80 percent of the students in the Pell Grant Program would come from families earning less than $12,000. If you stretched that up even further to, I think it's $15,000 to $20,000, you have essentially 90 percent, 95 percent of the money, and 91 percent of the students, recipients, are from the lower income area.

Mr. SIMON. Under the uniform methodology, the student aid officer can modify that self-help contribution. As I understand, what you're requesting is to take away that flexibility. Is that correct?

Dr. ELMENDORF. Well, we consider that that flexibility is always going to be there with the aid officer, to determine just how much of the amount of institutional aid or Federal aid which they control can be used to fill up the funnel, so to speak, of how much it is that is remaining to be funded for that student. They can determine the level of work, the level of grant, with the exception of the Pell grant, which as you know was formula-based, and no one can tinker with the Pell grant. It essentially is based on a formula that does not change, except when an institution changes its cost of attendance. The student gets the same amount of funding no matter where they go, if the institution is, in fact, the same cost institution.

And a guaranteed student loan is, again, one of those things that the aid officer can change, can vary through their own institutional flexibility.

Mr. SIMON. Now, if you follow through, in your recommendations, and you were to eliminate the NDSL funding and SEOG, which takes away a good bit of that flexibility, then inevitably you increase borrowing. Have you made any calculations on what kind of increased borrowing would be required if your recommendations were to be followed?

Dr. ELMENDORF. I want to give you two answers to that question. The first one is yes, in the estimates that we have given for the Guaranteed Student Loan Program. Part of the calculation for the additional cost in that program, this proposed fiscal 1985 year, as opposed to 1984, is predicated on an increased volume. That is true. I think it was 110,000 additional borrowers.

The answer that I think is a better one——

Mr. SIMON. Excuse me. You say an additional 110,000 nationally?

Dr. ELMENDORF. Yes. We have estimated in our guaranteed student loan account an additional 110,000 borrowers, recipients, and we have increased that amount of funding from about $2.2 billion to $2.8 billion. We now would estimate over 3.2 million recipients in the Guaranteed Student Loan Program, including auxiliary loan recipients. That's considerably more than are now currently being funded. And we have data to show that there is a continuing increase in volume of new loans over the past 4 years in the Guaranteed Student Loan Program.

Let me go back to your SEOG and NDSL. We believe we have not decreased the need to meet the access goals, or decreased the flexibility of the institution because we have, as you probably know, increased the amount of money in the work-study program and taken down some of the more restrictive ways in which aid officers can move that money around.

Basically they can move now up to 50 percent of the $850 million that would go into that account, into an SEOG grant account and an NDSL—well actually not an NDSL but in NDSL we're leaving $585 million out there with institutions to reloan to 733,000 participants. That's a pretty strong indication of a commitment to continue that account, but not with new money in it.

The program is 24 years old. I think it's served its purpose and the Guaranteed Student Loan Program now is there. It's in 58 different States and trust territories with guarantee agencies, and we find it's being used.

Mr. SIMON. Mr. Coleman.

Mr. COLEMAN. Dr. Elmendorf, this morning I asked Mr. Jones to elaborate on the concept. Under H.R. 5240, that the utilization of the volume of student loans is used in a formula which establishes the allotment that a college would receive for block grants and college work-study. He was unable to answer that question.

Do you have that information now? Could you get it? And what impact might that have on student—the Guaranteed Student Loan Program by using this as an index in a formula like this?

Dr. ELMENDORF. Let me answer your last question first. I think it would have a significant impact on the allocation of any type of block grant funding or any type of funding, because the profiles of

recipients, for example, in the Guaranteed Student Loan Program, are considerably different from the profile of recipient in the Pell Grant Program.

Pell grant, you heard me say, has 74 percent of the money targeted to students who come from families less than $12,000. Well, that's a different population than those who borrow. When you mix or average those two populations on a campus and then try to derive a third program from those two, I think you've sort of compromised, if you want me to use that term loosely, both the intent of each of the programs, which are to serve, essentially, different populations, in order to make a third program stay alive or come into existence, in this particular case.

I think that requires a great deal more study.

We have information, in the Pell Grant Program, because we are the processor and we can simply look in and give you a profile of the recipients. We do not have that kind of information accessible to the Department through the Guaranteed Student Loan Program. It would have to be collected through 58 different State guarantee agencies or some reasonable collection of a random or selected sample from them, which would have to be used in order to get that kind of data.

So what I'm telling you is we could probably give you a reasonable profile of a Pell grant recipient. We would have a very difficult time doing that for the Guaranteed Student Loan Program.

Mr. COLEMAN. Do you think that abuse could occur in some institutions, let's say, by pushing GSL's in order to help qualify or increase their allotment under this other program? Do you see that as a potential problem?

Dr. ELMENDORF. Let me just say that it's been my experience that where there's a Federal incentive out there, and institutions are aware of how to increase the amount of funding to their institutions they, in the past, have used those incentives to the maximum. Now, whether they would abuse it is a question I can't answer at this time. But if we look back at the last 10 years, tuition costs have been escalating, are still escalating, but not at the same rate, because the economy hasn't driven that kind of rate.

Nor do I believe higher educational institutions can continue to justify raising the tuition at the level they have, and I also believe that the Guaranteed Student Loan Program, now that it's so fully accessible and available, could, in fact, be used if it were driving a third program that meant more money to the institution, could be used for less than honorable purposes.

Mr. COLEMAN. Congressman Gunderson raised a question this morning concerning the nontraditional student. Could you comment on how you perceive the role of Federal student financial aid programs impact on nontraditional students? Do you have some ideas on how to mainstream these students into our Federal student aid system?

Dr. ELMENDORF. I think there are some options one could look at. I'm not saying that we have looked at any of them. But on the one hand, if the interest in the adult learner, the older student, was intense, it would probably be so intense that Congress would be looking at, perhaps, the rewrite of a title. I know that there has been some interest expressed in rewriting title I, by the adult learner.

They are feeling that some of the programs now in existence have not broken them out as a special group and treated them in a special way.

I don't feel that we necessarily need to do that until we do a great deal more of looking into some of the specific needs of the older student. We have a study group reporting to us at NIE looking at research on higher education as an extension of the "Nation At Risk" report because the report did not specifically address higher ed.

One of the issues that we'd like to look at in that study group is the impact of student financial assistance on the adult learner, as it relates to their emerging needs for access to higher education.

On the other end of the continuum, I think we do a pretty good job of recognizing the special needs of adult learners by keeping the programs open to those who attend less than full time. Every one of our campus-based programs, our Pell Grant Program, and our GSL Program, and under our proposal, the administration's proposal, we have opened the door to the Auxillary Loan Program, to half-time participation.

We think that is one way we've tried to recognize the emergence of a population of older students attending or dropping into higher education.

Mr. COLEMAN. Do you support the proposal to increase the maximum loan amounts under GSL? Does it represent a sufficient enough income to keep pace with tuition increases and the cost associated with attending an institution of higher learning?

If not, what limits would you set for undergraduate and graduate GSL borrowing?

Dr. ELMENDORF. Well, the way we've approached it is first we've taken a look at the debt burden that's out there now. We're facing a rather dismal situation in the future as it relates to claims or defaults on the current Guaranteed Student Loan Program. The number of loans in repayment now is approaching $30 billion and as you look at our budget you will see that we have had to address that by budgeting for over $227 million increase in claims paid on defaulted student loans.

I don't think that we can fairly look at increasing loan limits at this time, when we haven't found a reasonable approach or solution to keeping the loan claims or defaults down to a reasonable level.

We're just now beginning to get into what we call repayment. All of those post-MISA loans that were made, the Guaranteed Student Loan Program volume was less than $4 billion, less than 4 years ago. Every year since then it has climbed to $6.8 billion to almost $8 billion and it continues to grow at that rate. We're trying to do some study to project what the demand on the budget will be in the out-years as a result of these default claims.

That alone causes me to pause before I would even think about increasing loan limits, as a reasonable recommendation, fiscally sound, when we are facing the kind of budgets that we are.

Mr. COLEMAN. Let me make sure I understand your figures, $30 billion is in the pipeline being paid back?

Dr. ELMENDORF. $30 billion is potentially in repayment.

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Mr. COLEMAN. Potentially in repayment, and the $227 million was——

Dr. ELMENDORF. That's the additional amount we will have to budget for claims or people who have gone into default rather than into repayment. And we, in turn, have to reimburse, the Government has to reimburse, the State agency.

Mr. COLEMAN. What portion of the pool is that $227 million? What percent?

Dr. ELMENDORF. We have 11.3 percent of that $30 billion that is in what we call default status.

Mr. COLEMAN. OK. As I understand your other remarks, you're not in favor of increasing the loan limits at all. Concerning the other 89 percent who are not in default: How will they handle the increased expenses, that are rising at approximately 10 percent annually and live within the same limitations that we have now?

Dr. ELMENDORF. Well, one way we approached it in terms of budget policy was to try to take more of the burden off the Auxiliary Loan Program, to extend out the payment on that so that you could get $3,000 as a parent, or the spouse of a graduate student. Both of those together now allow a graduate student, for example, to borrow $8,000. That's a considerable portion of money and it is now, under our proposal, much easier to get that either as a graduate student or the wife or husband of a graduate student, plus borrow the full $5,000.

Those are the ways we have approached it because it, in fact, opens access but it doesn't cost the Government significant amounts of new money. It's not highly subsidized, in fact it's not subsidized at all right now.

Mr. SIMON. Would my colleague yield?

Mr. COLEMAN. I will yield. I think under Mr. Simon's bill, he would reduce that $8,000 loan limit to $7,000, would he not, so that my concern over increased costs wouldn't be satisfied by this proposal. H.R. 5240 reduces down to $7,000 under the GSL Program and not to $5,000 and $3,000 that you mentioned before.

Dr. ELMENDORF. That's true but I don't believe there has been any change proposed, although I'm not certain about that, in the maximum an undergraduate or graduate might borrow.

Mr. COLEMAN. We're talking graduate. I yield.

Mr. SIMON. Yes. I am wondering whether any—whether you have done any studying on what is happening by our increased reliance on loans for financing higher education. In terms of what we're doing to discourage people from low-income families from taking advantage of higher education?

When you talk about, let's just say, an $8,000 loan to someone who's from a family with a family income of $12,000, that's a horrendous sum. If you talk about an $8,000 loan to a family with a $50,000 income it doesn't mean that much. And what we are doing with this policy, even though we make those loans available to everyone, we're skewing the student population so that those of limited income increasingly say, "I just can't assume this kind of an obligation," and so they're not going.

Dr. ELMENDORF. It's been my experience, Mr. Chairman, that there is an inequity there, and you've cited it, and that is that low-income students have to be led to the trough in order to borrow, to

attend higher education. We recognize that and one of the basic reasons, underpinning the way we arranged the new policy proposals in Pell, was to avoid that kind of a situation from occurring.

Let me tell you how we do that. We changed the cost of attendance figure to 60 percent of cost of attendance, which takes away, I think, some of the demand that would float over into the need to borrow category. We increased the maximum grant to $3,000. This is another way of breaking the lockstep hold that some students feel is impossible to break because of the fact that they're located in an inner city or an urban environment. You heard Mr. Garcia testify relative to the Hispanic population. We're sympathetic to that and most of the Hispanic population average salary falls very nicely into the income level that would benefit most from the policy proposals that we make in Pell, by allowing those students to break out of a subset of no choice they're locked into, and I'm not throwing any disparaging comments about the community college, but I'm simply saying 75 percent of the Hispanics and 55 percent of the blacks are enrolled in that sector. Many are there because that's the right, best fit for them. Many are not because they haven't found a legitimate way to break out of that sector. And we feel that our Pell grant proposal, aimed at the type population that would most benefit, can get greater grant aid, to attend a higher cost institution if they choose, public or private, thereby facilitating the payment of cost through grant dollars rather than through unnecessarily borrowed loan dollars. So, we feel that that's an avoidance of unnecessary borrowing and a breakout for low-income students, away from their locked in attendance at a low-cost institution to a public or a private higher cost institution.

Mr. SIMON. We have a rollcall over on the floor right now. I think, since my colleague has some additional questions, we'll just take a 10-minute break right now for a rollcall and we'll be right back.

[Brief recess.]

Mr. SIMON. The subcommittee will come to order.

I think my colleague does have some questions. I know I have some questions. What we would like to do is submit them in writing to you and we will proceed from there, then, and we thank you very, very much for your testimony.

Dr. ELMENDORF. We also have some questions that you asked us to respond to. We have them not only with the question in the original but all of the answers, all of the right answers, which we'd like to submit for the record. [Laughter.]

Mr. SIMON. Good. All right. All right. We thank you very, very much. Thank you all for being here.

Dr. ELMENDORF. Thank you.

[The information follows:]

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TITLE IV STUDENT ASSISTANCE

Question: How do you estimate the cost savings associated with the Administration's self-help proposal for the Pell Grant program and what will the estimated cost savings total?

Answer: As you know, the Administration's fiscal year 1985 budget specifies several major changes in the eligibility and award rules. These changes are outlined below:

- o income assessment rates on the discretionary income for the parents of dependent students of 18%/20%/25%/30%/ with $5,000 increments;
- o a self-help function in the award calculation based on the following award rules:
  1) maximum award minus SAI
  2) cost of attendance minus $500 minus SAI
  3) cost of attendance minus 40% of cost of attendance minus SAI
  4) $1,000 plus 25% of cost of attendance minus SAI;
- o maximum of $3,000 room, board, and miscellaneous expense allowance for students not living at home; a maximum of $1,500 allowance for students commuting and living at home;
- o an administrative allowance of $5 per Pell Grant recipient;
- o maximum award of $3,000;
- o minimum award of $100.

Program cost, number of recipients, and average award of this proposal are as follows:

	Total Program Cost	Recipients	Average Award
1985-86 Pell Self-help Grant (Fully Funded)	$2.8 billion	$2.3 million	$1,221

The individual impact of the major changes in the proposal are presented below. Each item is shown as an increase or a decrease from the proposed FY 1985 policy estimate. That is, if elements of the current law are substituted into proposed policy they have the effect listed below. However, as always we caution on the use of the cost of individual estimates since all of the policy changes are interactive and any attempt to isolate only one particular proposal may not be fully representative of its efffect in combination with the other elements.

Changes from Current Law

11/13/20/25 percent income assessment rates	$ + 210 million
Current law award rules	$ + 475 million
$1900 maximum award	$ - 500 million

Within proposed policy, while the new award rules "save" approximately $475 million and higher income assessment rates "save" approximately $210 million, the increase in the maximum award has the opposite effect--increasing costs by $500 million. Thus, it is clear that the features of our proposed policy which increase costs are countered by features which reduce costs resulting in only slightly higher fiscal year 1985 program costs.

EFFECT ON CAMPUS-BASED PROGRAM

Question: What will be the impact of the proposed elimination of the Federal contribution to the Supplemental Educational Opportunity Grant, the State Student Incentive Grant and the National Direct Student Loan programs on institutional flexibility in fashioning student aid packages?

Answer: The Administration's fiscal year 1985 student financial assistance budget contains several provisions which give institutions maximum flexibility in administering the Title IV student financial assistance programs in order to best meet the unique needs of students. Under our Work-Study proposal institutions, at their discretion, will be allowed to transfer up to 50 percent of their Work-Study allocation to the Supplemental Grant program. Currently, the limit is 10 percent. This expanded authority ensures the availability of additional grant assistance should the financial aid administrator determine that a campus-based grant is a necessary ingredient in the student's financial aid package.

While no new Federal funding is requested for the Direct Loan program, approximately $585 million will be available on-campus for new loans from payments made on loans in repayment. It is estimated that without recourse to a Federal appropriation, institutions will have funds to provide average loans of $800 to 731,400 students.

Funds from the State Student Incentive grant program are awarded directly to States which distribute the funds. The degree of flexibility in the use of those funds at the institutional level is determined by the States. The Administration believes that Federal funds are no longer necessary as a stimulant to encourage States to provide State-based aid inasmuch as State expenditures for grant aid have continued to expand even as Federal funding has dropped or remained level in recent years. We would expect institutions to continue to enjoy flexibility in the awarding of State funds.

Question: What will be the impact on the College Work-Study or the Supplemental Educational Opportunity Grant programs by allowing a transfer of up to 50 percent of the CWS funds to the SEOG program?

Answer: Under the Administrtion's Work-Study proposal institutions, at their discretion, will be permitted to transfer up to 50 percent of their Work-Study allocation to the Supplemental Grant program. This authority ensures the availability of additional grant funds which might be required to complete the financial aid package of a needy student. Although it is difficult to predict the institutional use of the transfer authority, should all institutions use the maximum amount to make grants, $425 million would be available, which is $50 million more than the funding level for Supplemental Grants in 1984.

REAUTHORIZATION PROPOSALS

Question: The Department has submitted almost identical legislative recommendations with its fiscal year 1984 and 1985 budget proposals. Since the Reagan Administration will not submit its HEA reauthorization proposals "at this time" what "long-term legislative changes" are under study and how do they differ from the recommendations of the past two years?

Answer: The Department has submitted a number of proposals designed to make needed changes to the authorizing legislation governing the higher education programs in each of the last two years as part of the budget and appropriations process. The changes proposed have been important but not inclusive of all the issues which should be addressed in the reauthorization of the Higher Education Act.

As you are aware, we have already begun the process of developing a comprehensive reauthorization package. Hearings were held throughout the country last summer. At this time, however, we do not have a complete reauthorization package ready to submit to the Congress. We are considering many options. However, such proposals are very tentative and it would be premature to describe them in detail.

Question: In his letter of March 12, 1984 transmitting the Department's Legislative Proposals, Secretary Bell stated that "average student contributions...do not begin to reflect actual student earning or borrowing capacities." On what factual data is that assertion based? Please provide that data to the Subcommittee. What is the "actual student earning" or "borrowing" capacity referred to by the secretary?

Answer: Support for the statement that "average student contributions for relatively better off individuals represent only a small share of education costs, and do not begin to reflect actual student earning or borrowing capacities" can clearly be found in data collected annually by the Cooperative Institutional Research

Program (CIRP). These data, collected from first-time, full-time freshmen, show that for the 1982-83 school year students with family incomes from $25,000 to $40,000 receive an average of $1,401 from a combination of work and loans. Among those students who actually worked or borrowed during the year, the average rises to $1,923. For students with family incomes above $40,000 these averages drop to $990 and $1,698 respectively.

These amounts are a small portion of the average cost of education for many, if not most, of these students. For example, in 1982 the cost of education at a private institution was approximately $6,800--at a private university approximately $8,100.

Student earning capacity might be estimated on the assumption that a typical student could work 10 hours per work during the school year (40 weeks) at the minimum wage. This student would earn $1,340. The student could further choose to contribute toward his or her education by also working full-time for 10 weeks during the summer -- earning an additional $1,340 -- or by working additional hours during the school year. Note that the average annual earnings of students with family income of $25,000 to $40,000 is $777 -- far below even modest work expectations.

The student's borrowing capacity, especially in these income categories, is substantial. Moreover, for undergraduate students showing financial need, $4,000 per year is available through Federal sources.

In sum, current levels of student earnings and borrowing on the average, cover only a small portion of educational costs and these actual earning and borrowing levels are well below the capacity of the typical student.

PRINCIPLE OF STUDENT SELF-HELP

Question: Where in the legislative history of the Higher Education Act of 1965, as amended, or the Middle Income Student Assistance Act of 1978 is the "...principle that postsecondary students should be expected to contribute to their own education costs before Federal grant assistance is provided? Is this a Reagan Administration "principle"?

Answer: The cost of higher education has traditionally been borne by those who will directly benefit - the student and his/her family. The role of the Federal government has traditionally been limited to achieving specific goals such as encouraging certain disciplines or providing equal educational opportunity. The philosophy underlying the 1985 budget request for the student financial assistance programs is to restore that tradition -- the responsibility of the family and the student in financing postsecondary educational costs. In the past few years, the commitment on the part of the parent and student has been eroded through the large increases in Federal financial assistance, particularly after the passage of the Middle Income Student Assistance Act, which reduced

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expected parental contributions and encouraged parents and students to look to the Federal Government as the first resource for financing postsecondary costs. Parental contributions began declining with Federal student financial assistance supplanting instead of supplementing family contributions.

Under the Administration's Pell Self-Help Grant proposals students will be expected to contribute financially to their own educational costs through a self-help requirement of $500 or 40 percent of the cost of education. Currently, Pell Grant awards are not contingent on any self-help contribution. It is now possible for certain students to finance their postsecondary education through a combination of a Pell Grant and family contribution with no personal financial commitment. The Self-Help Grant program will correct this inequity by re-establishing the principle that those who are the primary beneficiaries of higher education should show some commitment toward financing its costs.

The self-help principle is not a new principle in student financial assistance. Many States and institutions invoke some form of self-help in allocating their scarce resources for postsecondary education. In fact, one of the best examples of the principle of self-help is contained in the Uniform Methodology which is used to determine awards under the Federal campus-based (Supplemental Educational Opportunity Grant, Direct Loan, and Work-Study programs) student financial assistance programs as well as other State and institutional programs. The Uniform Methodology includes a standard summer savings expectation for all dependent students of $700 for freshmen and $900 for all other students. Institutions use these standard figures or adjust them as economic conditions dictate.

This Administration believes that a self-help requirement in the Pell Grant program will continue a practice that has long been a principle in the student financial aid community while correcting certain inequities in the program and restoring the responsiblity of the family and the student in financing the cost of postsecondary education.

Question: Please outline the four year accumulated debt levels for a student from an: $8,000/year income family: $9,400/year income family; and $14,800/year income family.

Attending a $9,000 year (tuition, fees, plus room and board), assuming enactment of your proposals in FY 1985 and the Committee's FY 1985 budget recommendations ($2,299 maximum grant, 60% of the cost of attendance). You should use the maximum SEOG grant level; average CWS award; maximum $1,500 NDSL; and maximum GSL loan $2,500.

Answer: Estimates of aid packages can only be taken as rough approximations of the actual aid students will receive. Even with a given income, family circumstances and packaging philosophies vary substantially, resulting in substantially different family contributions and awards. In addition, costs of education, family incomes,

taxes and the specific treatment of the family's resources in the need analysis formulas also change from year to year. However, based on the assumptions provided above, as well as additional assumptions necessary to make these projections, the four year accumulated debt levels for typical students1/ from families with incomes of $8,000, $9,400 and $14,800 would be:

Family Income	Administration's FY 1985 Budget Proposals	Committee's FY 1985 Budget Recommendations2/
$8,000	$12,000	$12,804
$9,400	$12,000	$12,804
$14,800	$14,000	$13,924

As these figures show, lower income students bear smaller debt burdens under our proposals than under the Committee's recommendation. These debt levels would result from the following estimated aid packages:

Aid Package For Family Income of $8,000 or $9,400

	Administration's Proposals	Committee's Budget Recommendations
UM Family Contribution3/	$700	$700
Pell Grant4/	3,000	2,299
Supplemental Grant	1,500	2,000
Work-Study	800	800
Direct Loan	1,500	1,500
Guaranteed Loan5/	1,500	1,701
Cost of Attendance	9,000	9,000

Aid Package For Family Income of $14,800

	Administration's Proposals	Committee's Budget Recommendations2/
UM Family Contribution3/	$700	$700
Pell Grant	2,5006/	2,0197/
Supplemental Grant	1,500	2,000
Work-Study	800	800
Direct Loan	1,500	1,500
Guaranteed Loan5/	2,000	1,981
Cost of Attendance	9,000	9,000

1/ Family size of four. One family member enrolled in college. Both spouses employed. No unusual expenses. No assessable assets. Estimated U.S. income taxes. The student is an incoming freshman.

2/ Assumed to imply the current Pell Grant need analysis, as updated for inflation.

3/ Although no parental contribution would be expected at these income levels, there would be a $700 summer earnings expectation. This estimate assumes no major changes in the Uniform Methodology calculation from 1984-85 to 1985-86.

4/ Based on a Student Aid Index of 0.

5/ Excludes amounts for origination fees and insurance premiums.

6/ Assumes an estimated Student Aid Index of $500, based on estimates of taxes, etc.

7/ Assumes an estimated Student Aid Index of $280, based on the Pell need analysis as under current law (updated for inflation), and on estimates of taxes, etc.

Question: What will be the increased volume of GSL borrowing occasioned by the self-help proposal's requirement that $500 or 40% of education costs be earned through work-study, borrowed through GSL or acquired from the family? How much will this additional borrowing cost assuming OMB's interest rate projections (8.7%)? How does the projected borrowing level compare to the levels anticipated if your proposals are not enacted by the Congress?

Answer: The Guaranteed Student Loan program plays an integral role in the overall student financial assistance strategy for fiscal year 1985. Guaranteed Loans can be used to assist students in meeting their self-help contributions under the proposed Pell Self-Help Grant program. However, because most students are already meeting their self-help contributions, expected under our proposal, any increase in loan volume attributable to meeting this requirment would be minimal and would have a negligible cost impact on the Guaranteed Student Loan program.

As you know, the legislative proposals contained in our fiscal year 1985 budget for the Guaranteed Student Loan program are as follows:

- o extend the need analysis requirement for regular loans to all income levels;
- o require guarantee agencies to return all Federal loan advances prior to October 1, 1985;
- o eliminate the two direct administrative cost allowances to guarantee agencies;
- o provide 80 percent reinsurance on all new loans insured by guarantee agencies, while retaining all of the current policy requirements for 100 percent reinsurance; and
- o base payment of interest benefits and special allowance on loan funds actually disbursed in cases where lenders make more than one disbursement, rather than on the anticipated annual loan amount.

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If these legislative proposals are not enacted by the Congress, loan volume in fiscal year 1985 would be expected to increase from a projected $7,544 billion to $7,746 billion. This difference in volume is attributable to the unnecessary borrowing which would occur without the enactment of our proposal to extend the need analysis requirement to all income levels and which would result in additional costs of approximately $1.6 million in fiscal year 1984 and $23.9 million in fiscal year 1985. Furthermore, if none of our proposals are enacted, the total cost of the Guaranteed Student Loan program would increase by $17.3 million in fiscal year 1984 and $221.5 million in fiscal year 1985.

INSTITUTIONAL CAPACITY TO USE WORK-STUDY FUNDS

Question: Your proposals recommend a $295 million increase in Work-Study funds. Are there sufficient jobs in the public and non-profit sectors and on college campuses to expend the additional funds? On what factual data has the Administration based its projection that institutions can absorb $300 million in additional CWS funds?

Answer: As the table below illustrates, institutions have continually requested Work-Study funding levels far in excess of appropriated amounts. Institutions must be able to substantiate these requests on the basis of realistic projections of job availability. Thus, the Administration believes that institutions can effectively utilize the additional funds.

FISCAL YEAR	INSTITUTIONAL REQUESTS ($ MILLIONS)	APPROPRIATION ($ MILLIONS)
FY 80	$800	$550
FY 81	$1,002	$550
FY 82	$1,185	$528
FY 83	$1,355	$590
FY 84	$1,295*	$555

*Preliminary data.

It should also be noted that the Administration proposal would allow the institutions increased flexibility in using these funds, including the transfer of up to 50 percent of their allocations to make Supplemental grants and up to $100,000 to support Job Location Development, Cooperative Education, and adult literacy programs.

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WORK-STUDY TRANSFERS

Question: How many institutions carried over CWS funds during the 1980-81, 1981-82 and 1982-83 academic years? How much was carried over to the following academic year? How much used in Cooperative Education? What portion of those funds were returned to the Department for reallocation?

Answer: The information is provided in the following tables:

Institutions Carrying Work-Study Funds Forward*

1980-81	1981-82	1982-83**
987	1,491	1,449

Work-Study Carried Forward*

1980-81	1981-82	1982-83**
$11,767,247	$21,366,026	$20,839,392

Funds Earmarked for Cooperative Education

1980-81	1981-82	1982-83**
$2,157,745	$1,541,519	$2,005,862

Returned Funds Earmarked for Reallocation

1980-81	1981-82	1982-83**
$2,157,745	$1,541,519	$2,005,862

* 1980-81 funds were forwarded to 1981-82, etc.
** Data are preliminary and partially edited.

Question: What amendments have you proposed to make the Auxiliary Loan program more attractive to lenders and students? Are there any additional costs associated with your proposals?

Answer: Our legislative amendments include a number of proposals which are designed to make the Auxiliary Loan program more attractive to lenders and students. These include broadening eligibility to parents and spouses of graduate students. Currently, eligibility is limited to graduate and professional students, independent undergraduates, and parents of dependent undergraduate students. Our proposed changes would limit borrowing to $3,000 per academic year, $15,000 in the aggregate, for an individual student.

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In addition, our proposals would provide an initial in-school deferment of repayment of the principal of the loan for student borrowers until six months after the student ceases at least half-time enrollment at an eligible institution. Interest would continue to accrue (and could be capitalized at lender option) regardless of the enrollment status of the student.

Our amendments would also permit lenders to charge up to $25 per loan (which may be deducted from the loan amount) to parent or spouse borrowers to defray the cost of verifying the credit-worthiness of the borrower. While lenders may use, and guarantee agencies may require credit checks at present, no provision is made in current law for a fee to be charged.

The amendments would also increase the maximum repayment period and change the method for its calcuation for parents and spouses under the program. Our amendments would authorize lenders to provide a new ten-year repayment period each time a new loan is taken out and provide for repayment of loans under a single repayment schedule. This change will allow lenders to consolidate PLUS loans to parents and spouses in the same manner as regular GSLs, thus reducing current PLUS administrative problems and costs.

Finally, our proposals would provide new authority for direct Federal insurance of Auxiliary Loans for lenders which do not have access to a single guaranty agency program for substantially all of the loans the lender intends to make under the program. This would enable certain regional and nationwide lenders to offer Auxiliary Loans if no guarantee agency were available.

These amendments would provide equity in student treatment, reduce the number of defaults on in-school principal repayments, and improve lender and borrower response to the Auxiliary Loan program without increasing the cost of the program.

INSTITUTIONAL AID PROGRAMS

TITLE III

Question: How many colleges are scheduled to "Graduate" from Title III and are currently receiving 4-7 year grants under Part A?

Answer: In fiscal year 1983, a total of 146 four-to-seven year grants were made under Part A of Title III. These institutions are scheduled to graduate at the end of their current award period.

Question: Describe by type and sector, the institutions receiving Title III funding since enactment of the 1980 amendments.

Answer: Below are two graphs which show the distribution of funds by type and control for fiscal years 1982 and 1983.

TITLE III

Question: On what basis does the Administration justify increasing the Black College set-aside (in a discretionary grant program) when the Department has been unable to award the $27.5 million in set-aside funds in the competitive process without re-competing funds not yet awarded.

Answer: In fiscal year 1982 the Department was unable to award a $27.5 million set-aside for historically Black colleges and universities for several reasons. First, this set-aside, under Part B of Title III, has much more restrictive requirements than under Part A. As a result, many historically Black colleges and universities applied for and received grants under Part A. In addition, several of these institutions did not apply for funds and several institutions did not meet the eligibility requirements, therefore, were unable to receive funds. For these reasons it was difficult for the Department to award the funds under the set-aside to historically Black colleges and universities. The Department requested authority to carry-over the unobligated funds earmarked for these institutions into fiscal year 1983 to enable those institutions who did not receive funds to apply under a special mini-competition. Workshops were held prior to the mini-competiton to provide technical assistance to the historically Black colleges and universities. The institutions then applied for and received grant awards. All 1982 and 1983 funds under the set-aside were obligated in 1983.

Our proposal to increase the set-aside to historically Black colleges and universities to $45.7 million would cover the entire title, including the Endowment program and not just one program as provided by current law.

We believe that a set-aside of $45.7 million is important in meeting the unique needs of our Nation's historically Black colleges and universities. These institutions continue to award a high percentage of the bachelors degrees received by Black students and constitute a significant national resource in educating low-income and minority students.

SPECIAL PROGRAMS FOR THE DISADVANTAGED

Question: The Department has proposed the "consolidation" of two of the TRIO programs and abolition of a third. Why?

Answer: We have proposed consolidating the Talent Search and Educational Opportunity Centers into one program because these programs are designed to serve similar purposes. Current law for each of the programs allows similiar activities and services making the two programs nearly identical. The principal difference is in the age requirements which can be waived in both programs. Also, the financial counseling and information regarding Federal Student Aid programs provided under these programs duplicates services available under the Student Financial Aid programs. Our proposal would provide institutions the flexibility to choose the services that would best meet the needs of their students and community.

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We are proposing to eliminate the Staff Training program authority but would continue to support training as an activity under the TRIO authority. The funds for this program would be better targeted to address the traditional barriers of low-income students by providing direct services to them. We do not have any evidence that suggests that this program is more cost effective than training currently available from other sources.

Question: What evidence does the Department have that the two programs serve overlapping purposes and the same clientele?

Answer: The legislation allows similar activities under both programs. Both programs provide participants with information on postsecondary opportunities and student financial assistance. They also provide assistance in applyng for admission and financial aid.

Question: On what basis does the Department recommend a 50 percent reduction in TRIO funding? Recent Department studies support the conclusion that TRIO programs work -- informing students about college opportunities, preparing them for successful college study, and assisting them through tutoring/counseling to complete their academic study and obtain a degree.

Answer: Our proposal calls on participating institutions to share some of the cost of the projects under the Special Services and Upward Bound programs. These programs have proven successful and now should be increasingly supported at the local level. This is reflected in our legislative proposals. The Department's proposals provide a 10 percent cost-sharing under Upward Bound; and 25 percent cost-sharing under Special Services; and, the gradual institutionalization of the Special Services program.

We believe that institutions that benefit from the program should provide some measure of support. Presently, no such support is required. With enrollments in higher education stabilizing or declining over recent years, institutions are now more financially motivated to provide the TRIO-type services in order to help increase or maintain enrollments of non-traditional students.

Although no funds are requested for Talent Search or Educational Opportunity Centers programs, activities encompassed by these programs would be allowable under the Special Services and Upward Bound programs. These programs are not a priority because they provide only short term services and have not been shown to be effective through evaluations or studies. In addition, these programs were begun in an era in which many disadvantaged students were unaware of the postsecondary opportunities -- both in terms of the programs and financial assistance -- open to them. This type of information is now more readily available to disadvantaged students.

Mr. SIMON. Our next witnesses are a panel of students, Gary Edelson, a second-year medical student at George Washington University; Shawne Murphy, senior at St. Olaf's College; Gregory Moore, president of the United States Student Association; and Diana Sifuentes, a first-year law student at the University of Houston.

If the four of you can take your place.

Gregory Moore, president of the United States Student Association.

Mr. MOORE. Thank you, Mr. Chairman.

[Prepared statement of Gregory T. Moore follows:]

PREPARED STATEMENT OF GREGORY T. MOORE, PRESIDENT, UNITED STATES STUDENT ASSOCIATION, WASHINGTON, DC

Mr. Chairman and members of the House Subcommittee on Postsecondary Education of the Committee on Education and Labor, I thank you for this opportunity to present our views to the Subcommittee on H.R. 3520, the current Reauthorization of the Higher Education Act of 1965.

As President of the United States Student Association (USSA) representing over three million college and university students across the country, we are very concerned about the future of student aid programs and the involvement of students in the formulation of these changes. Last spring, USSA and the National Student Educational Fund (NSEF) conducted hearings around the country in preparation for the reauthorization of the Higher Education Act. These hearings provided students an opportunity to discuss their experiences and thoughts on the current financial aid delivery system as the consumers of student aid. I have included our Special Report on the hearings entitled: Dialogue and Data: Students Speak Out on Diminishing Access and Equal Opportunity in Postsecondary Education for your consideration as part of my testimony.

The clear message that emerged from the hearings is that students are facing record levels of unmet need due to increased costs of attending a postsecondary institution. The 23 percent drop in the value of student aid since 1980 has forced some students to borrow more, some to work more, and others to forego a higher education. There is also confusion about the existing programs and how a student's eligibility is determined. USSA recognizes that many of the current problems are the result of continuous budget and appropriations battles which have negated many of the provisions in the Higher Education Amendments of 1980, but the reality is that many students' educational opportunities have been seriously jeopardized.

The reauthorization process is important in collecting input from all sectors of the education community but the Congress must make a commitment to increase funding for education to ensure access for all students to a postsecondary education. Education funding can not be viewed as just a yearly appropriation level but as a cumulative investment in the future of our nation's youth.

PELL GRANTS

USSA supports the concept of Pell Grants as the foundation of federal student financial assistance upon which other student aid programs—loans, college work-study, supplemental educational opportunity grants, and state grant programs should be based. Creating Pell Grants as a true entitlement would eliminate the damaging uncertainty that has prevailed over the past four years due to Administration proposals and the appropriations and budget process which have together created delays and real cuts in the programs. These cuts have often taken place at a time when critical decisions were being made by students and their families concerning the choice and affordability of an institution. This uncertainty has led to even more confusion in the financial aid office due to re-packaging of campus based awards at the last minute.

USSA supports the modification of the half-cost provision in the Pell grant program from 50 percent to 75 percent of tuition, compulsory fees, books, and the living allowance. The fixed "half-cost" provision has resulted in many low income students who have unmet need being capped at the 50 percent level of costs which are artificially low and needs that are high. USSA is concerned about the living allowance tier structure that is presented in this bill. We are concerned about living allowances being fixed in the law without consideration for inflation increases or vari-

ations in geographic cost-of-living differences which can not be realistically assessed in a national formula.

Furthermore, we are concerned about the proposed changes in the independent student definition in this bill and how this definition could restrict access to Pell as an entitlement to the low income student whose access to a higher education is directly linked to the availability of student aid. An American Council on Education study of the 1981-82 Pell grant recipient pool at public institutions showed that 31 percent of all Pell grant recipients were independent students. Of that amount, 42 percent were minorities and 85 percent were between the ages of 20 and 22. Age 24 appears to be an arbitrary age upon which to assume independence or to require additional documentation including "and had sufficient income from an independent source to indicate financial independence during the preceding year" to be classified as an independent student. This wording sounds ambiguous and will undoubtedly increase the confusion about the definition for many student aid recipients. Beyond the confusion is the very real possibility of denying critically needed student aid dollars to students who are unable to justify their independence status and are then presumed dependent.

INSTITUTIONAL BLOCK GRANT PROGRAM

USSA does not perceive the institutional block grant proposal as a direct simplification in the process of applying for student financial aid from the student's perspective. Since students do not apply for each program separately on their campus they are currently filing an application that is being used to package their campus based award. The appropriations for CWS, NDSL, and SEOG would be merged into a block grant which would be distributed on campuses based on the dollar amount of Pell and Guaranteed Student Loans received on the campus. This allocation formula appears to contradict the intent of the bill to direct the federal funds to those institutions who are serving the students with the highest level of unmet need. My immediate reaction is that there will be an institutional incentive to require a loan "self-help" prior to receipt of campus-based awards since this would be the basis for the campus' allocation the following year. If there is some documentation or information which demonstrates what the existing relationship between the receipt of Pell and GSL, it might be helpful to better understand the implication for students of this proposal.

GUARANTEED STUDENT LOANS

USSA agrees that grants and work need to be reinstated as the primary source of funding for student financial aid. USSA is concerned about the level of student indebtedness directly impacting a student's choices beyond undergraduate education and the increasing portion of the federal student aid budget which has been spent on the GSL program, thus limiting funds for grant programs. USSA supports the elimination of the origination fee which is included in H.R. 5240 which would result in every student saving the 5 percent of the current value of the loan plus the interest that would have been paid during repayment. USSA fully supports the creation of "lenders of last resort" to increase access to GSL funds. Many low income students and/or their families cannot obtain GSL's from lenders because of poor or no credit history. It is important to break down this barrier to access to a program that should be the option of all students if they need the funds for pursuing a postsecondary education.

A major student concern within the GSL program is the insurance premium. This fee is being charged to every student to cover the re-insurance by the state guaranty agencies to the federal government. This fee must also be repaid with interest. Research conducted by the National Commission on Student Financial Assistance documented that large portions of student insurance premiums were being used to cover basic operating expenses of the guaranty agencies and not being used for their intended purpose of covering defaulted loans. USSA urges that the insurance premium by examined further by Congress. We are concerned about a fee that students across the country are having to pay out of an already shrinking pool of available resources.

USSA is concerned about the proposal to float the Guaranteed Student Loan interest rate if the Treasury bill reaches 13 percent. We maintain that the GSL interest rates should remain consistent and should not involve the uncertainty created by a student borrowing today not knowing what the future interest rates charged in the Guaranteed Student Loan program will be. The proposal to reduce the special allowance to 3 percent prior to entering repayment would result in savings to the federal government in bringing down the total costs of the GSL program without

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affecting the number of students receiving a loan. The 3 percent figure was calculated by the National Commission as a figure which adequately compensates for the expenses incurred in servicing the loan while a student is in school. USSA opposes any efforts to transfer special allowance charges onto students during any part of the loan process.

USSA strongly supports the creation of the National Center for Postsecondary Educational Opportunities as a mechanism for increasing student awareness of their potential eligibility for financial assistance through the broad dissemination of necessary information. USSA supports the expansion of the TRIO programs to meet the needs of educationally and economically disadvantaged college students. Due to limited funding, TRIO programs served 493,000 students last year—less than 10 percent of the eligible population. Studies have shown that students who receive the full range of special services—counseling, tutoring, and basic skills—are 2.26 times more likely to complete the first year of college.

Although not a TRIO student myself, I was fortunate to be a recipient of the Cleveland Scholarship Program, which provides high school students with the necessary information to help them through the financial aid process. In addition, I was awarded a scholarship which provided me with the necessary funds to attend college. This gap was after receipt of all the federal, state, and institutional financial aid that I was eligible for. Without this extra funding to meet my "unmet" need, I would not have been able to begin or successfully complete my undergraduate degree at Ohio University.

By instituting an agency such as the Center for Postsecondary Educational Opportunities, programs such as TRIO and Cleveland Scholarship Program could help benefit more of the students who are in desperate need of their assistance. The future of education remaining accessible to all students lies in the maintenance and expansion of financial aid programs which promote equal opportunity in higher education.

Thank you for this opportunity to present the views of the United States Student Association on H.R. 5240. USSA is looking forward to working with the Subcommittee throughout tthe reauthorization process in our mutual efforts to debate, formulate and ultimately enact into law a bill that will direct student financial aid for the rest of this decade towards equal access in education. Thank you.

STATEMENT OF GREGORY T. MOORE, PRESIDENT, UNITED STATES STUDENT ASSOCIATION

Mr. MOORE. Mr. Chairman and members of the House Subcommittee on Postsecondary Education of the Committee on Education and Labor, I thank you for this opportunity to present our views to the subcommittee on House Resolution 5240, the current reauthorization of the Higher Education Act of 1965.

As president of the United States Student Association, representing over 3 million college students——

Mr. SIMON. If I may interrupt just for a moment, let me just say to the four of you, we'd be happy to enter your statements in the record, if you wish to summarize, however you wish to proceed, or you may go ahead and read your statement.

Mr. MOORE. I'll try.

As president of the United States Student Association, representing over 3 million college and university students across the country, I am very concerned about the future of student aid programs and the involvement of students in the formulation of these changes. Last spring USSA and the National Student Education Fund conducted hearings around the country in preparation for the reauthorization of the Higher Education Act. These hearings provided students an opportunity to discuss their experiences and thoughts on the current financial aid delivery system, as the consumers of student aid.

I have included our special report on the hearings, entitled "Dialogue and Data: Students Speak Out on Diminishing Access and

Equal Opportunity in Postsecondary Education," for your consideration as part of my testimony, and I have 10 copies here for members of the committee.

Mr. SIMON. Thank you.

[The information follows:]

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Special Report

March, 1984

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COGNITION

Newsletter of the National Student Educational Fund — The Foundation of the U.S. Student Association

Dialogue and Data: Students Speak Out on Diminishing Access and Equal Opportunity in Postsecondary Education

Dear Colleague:

We are pleased to present you with this special edition of Cognition, entitled, *Dialogue and Data: Students Speak Out on Diminishing Access and Equal Opportunity in Postsecondary Education*. This report represents the collective efforts of NSEF and USSA staff in speaking with those grappling with the intracacies of the financial aid system on a daily basis—student consumers and financial aid administrators.

Over 300 prospective and enrolled students and numerous financial aid officers supplied their views on the state of the financial aid delivery system by: responding to a survey about barriers limiting postsecondary access to low-income persons, participating in financial aid hearings in five states, and discussing aid delivery problems informally with staff.

When outlining these endeavors, we must credit the College Board—the sole supporter of the study and chief contributor to the hearings—for without the Board's financial backing and expert technical assistance this report would not exist.

The College Board has a history of providing assistance for such endeavors, for in 1976 it financed the precursor to this publication—*Unmet Needs*—a stirring account of hearings conducted by the College Scholarship Service Student Committee (CSS), an advisory body of the Board's financial aid arm. Committee members travelled to seven states and spoke with over 250 students in order to secure information about financial aid delivery from student consumers and to recommend improvements in the system.

When comparing the findings of both reports, the reader will be struck by their similarities. The adage, "History repeats itself," certainly rings true in the field of financial aid, for the major problems listed in *Unmet Needs*—inadequate information dissemination, unrealistic needs analysis formulas, and insensitive aid office staff—still exist six years later. These shortcomings are intensified by damaging Reagan administration policies.

This consumer viewpoint delineates recurring problems in the aid delivery system, and should serve as a catalyst for reform. It is our hope that the opinions expressed by these students will be taken seriously by higher education policymakers when sitting in meetings in Washington, D.C., for it is easy for them to forget how their decisions impact upon the average student, struggling to meet educational expenses.

As Congress begins hearings on the Reauthorization of the Higher Education Act, student advocates intend to use this information and their personal experiences to vastly improve the aid system for the next decade. Comments are welcome, and we hope this report provides the reader with a clearer picture of the student experience in dealing with the complex financial aid system.

For the students,

Kathleen M. Downey, President
National Student Educational Fund

Gregory T. Moore, President
U.S. Student Association

"I could literally fill pages of testimonials on discussions which I've had, letters which I have answered from distraught students, angry parents, crying parents who want to strike out."

—Harvey Grotrain, Financial Aid Director, University of Michigan, Ann Arbor

I. Student Aid Appropriations

① Financial Aid Appropriations Are Inadequate.

"The plain truth is that students are working and we are over our heads in debt, but to attend a school like Michigan, it is not enough. We need financial aid."

—*Carla Dearing, a Midwestern University Student*

The sentiments expressed above were echoed throughout the hearings by students and aid administrators alike. The bottom line is that both are frustrated because too few dollars must still be stretched to accommodate too many needy students. While calling for the infusion of more dollars into student aid programs may sound like a simplistic solution to a complex problem—and a recommendation expected from students—it is difficult to correct many of the problems outlined in this report without increasing available dollars for student financial aid. This conclusion can be backed by budget figures.

Aid Value Decreased

While student aid has fared better than many social programs, the higher education community can hardly breathe a sigh of relief. Granted, while student aid appropriations could have been cut much more, approved allocations have failed to keep pace with inflation. Since 1980, the value of student aid has decreased by 23 percent, while tuition and the cost of living has risen sharply.

To compound the problem, other programs benefitting low-income students such as Food Stamps, Legal Services, Aid for Families with Dependent Children, and Medicaid have been slashed, Social Security Benefits have been eliminated, and Veteran's Educational Benefits are being phased out. The result is fewer dollars for an already inadequate financial pool.

Fy 85 Budget—Bad News

"The President's FY 1985 budget, which contains a $300 million cut in student aid, proves no relief is in sight. While Congress has successfully rolled back many of the President's harmful budget recommendations, its members have been unable to move forward by strengthening access to postsecondary education through increased appropriations to student aid programs. Higher education representatives and Congressional advocates have been forced to take the defensive and to be content with maintaining the status quo.

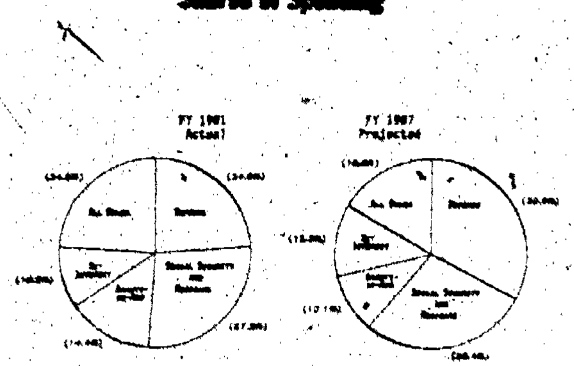
"Only the Pell Grant Program remains untouched with the 1985 request equaling the 1984 appropriation of $2.8 billion. But, 300,000 grants will be lost, because while keeping the dollar amount constant, the maximum grant award will be increased."

The President's FY 1985 recommendations for higher education are a repeat of previous efforts calling for cuts of $328 million in campus-based programs resulting in the loss of over 900,000 awards, recommending no new federal capital for the revolving National Direct Student Loan (NDSL) program, and halving TRIO Programs which have enabled many low-income students to obtain a college degree.

Only the Pell Grant Program remains untouched with the 1985 request equaling the 1984 appropriation of $2.8 billion. But, 300,000 grants will be lost, because while keeping the dollar amount constant, the maximum grant award will be increased.

Once again, the administration is pushing "self-help" provisions requiring students to contribute 40 percent of their educational costs or $500 (whichever is greater) through loans, earnings, or work-study before receiving a grant.

Shares of Spending



Prepared by the National Governor's Association

Where is the Money?

Looking at the cuts made in student aid and other social programs, one must ask the question—Where has all the money gone? The answer is rather direct—to the Defense Department.

The President and his supporters would have us believe that the budget is being cut to compensate for our huge deficit, but only the most uninformed can buy this strategy. The simple fact remains that the current administration has carefully orchestrated a major transfer of federal dollars from social programs to the Pentagon, with the federal deficit soaring, not decreasing.

"The President and his supporters would have us believe that the budget is being cut to compensate for our huge deficit, but only the most uninformed can buy this strategy."

While student aid programs are not funded to keep pace with inflation, the defense budget has nearly doubled since 1980. Much of this money is earmarked for weapons development, and the effectiveness of these new arsenals has been questioned by liberal and conservative think tanks alike.

Fy '87 Projections

This trend of supporting defense at the expense of socially beneficial programs—including student aid—will continue. In his 1985 budget proposal, President Reagan offered a budget blueprint through FY 1987. According to a budget analysis issued by the National Governors Association (NGA), between FY '81 and '87, the total federal budget will grow by 63 percent, defense spending by 121 percent, grants by 14 percent, and "all others" by 13 percent.

When adjustments are made for inflation, the impact of this spending is more vivid with the total federal budget growing by only 22 percent and defense spending by 68 percent. Grants and "all others" would actually decrease by 15 and 16 percent respectively. The question remains—Will citizens, particularly students, allow this situation to occur? $

② Perception—Aid Dollars Are Not Available.

"It is not the reality, but the perception of reality on which people make their educational decisions in their lives."

—Charles Black, Financial Aid Director, University of California

Moving away from the reality that too few dollars have and continue to be allocated to student aid programs, let us address the perception of this reality. While the student aid appropriations picture is bleak, the situation perceived by prospective/enrolled students and their families—that no aid dollars are available—is much worse. And, as Mr. Black so correctly stated, this perception is what individuals are basing their educational decisions upon.

Most student testifiers confirmed that their decisions about attending and selecting a college were based on institutional costs and the size of their student aid package. This is particularly true for low-income persons, who rarely have savings to contribute to their education.

At this juncture it is difficult to measure just how much the perception of massive federal budget cuts in student aid has damaged the psyche of junior and senior high students now forming judgments about their postsecondary education options. If the trends identified by the Berkeley financial aid director are any indication of future practices, the higher education community is facing a difficult problem.

Less Applicants, Higher Income

In his incisive testimony, Charles Black added credence to his opening quote by informing the panel of two disturbing trends surfacing at Berkeley. First, while University enrollment increased between the 1978-79 and 1980-81 academic years, 1,000 fewer students applied for financial aid. These figures were perplexing to him given the harsh economic times and increasing college costs.

Second, the income level of aid applicants increased within the same time frame by 36 percent. While admitting that income levels did rise over those years, he pointed to how unlikely the average income rose by the same percentage.

"A trend has developed where higher income students are applying for aid."

While further investigations have yet to discern a national trend in this direction, financial aid experts believe that such a pattern has already developed in many higher priced institutions. If the budget practices of the last four years continue, it is likely that such a trend will become more widespread. $

③ The Needs Analysis System Is Unrealistic.

"All of these programs are being cut under the belief that students and their families will be able to cover these losses with other financial resources. The simple truth is that these people do not have other financial resources. As these benefits are cut, it is simply cutting their chances at higher education."

—Carla Dearing, a Midwestern University Student

A cornerstone of Reagan administration aid policies has been that students and their families must take greater responsibility for covering postsecondary education costs. While this theory may sound sensible to upper income policy-makers, it is not a practical for countless families living on the edge of survival.

The quote above—made by a student from a family of eight—captures the feelings of many student testifiers, who contend that the current needs analysis system is unrealistic. Inflated expected parental contributions and sub-standard living allowances were cited as problems. There was also concern about the summer savings expectations and whether financial aid administration can be flexible about the amount of jobs can't be earned.

A statement appearing in Unmet Needs best summarizes the politics of the needs analysis system then, and now: "Definitions of 'need,' 'independence,' and 'full funding' are designed to facilitate the rationing of funds and are not based on the reality of students' situations. The President, Congress, the Office of Education (now Department of Educa-

Timing Continued

tion), and private organizations argue the fine points of these artificial definitions while students do not eat well, do not buy necessary books, do not go to the doctor, spend as much time in the financial aid office as class, or do not go to school at all." The problems identified in 1976 are exacerbated by our country's worsening economic conditions.

Parental Contribution

In the 1976 hearings, students relayed information about the inability of their parents to supply their expected contribution, which left them with an unmet financial need. In 1983 nothing changed. Instead, the problem has grown, because of increased unemployment and sluggish economic growth.

The frustration of many students was summarized by a Michigan student who said, "Just because you have a dependent status, it doesn't mean that your parents pay the magic amount the computer turns out. That may sound logical to a computer, but it's not very practical."

Compensating for Unmet Need

Since students are not receiving their parents' expected contribution, they must locate funds to compensate for this difference. Traditionally, students have used loans, work-study, or outside employment. This process has become more difficult, because of stricter eligibility requirements for loans, work-study allotments have not kept pace with inflation, and off-campus jobs are nearly impossible to find. The loan route poses a special problem for low-income persons, and this issue is addressed in more detail later in this report.

"Self-help" Requirements

The news of President Reagan's proposed "self-help" requirements broke just two month before the hearings commenced. Testifiers familiar with this recommendation found it almost laughable given their already precarious financial situation.

Students opposed this measure for the obvious reason that they have no idea how they would obtain the "self-help" quota. One California student believed that this percentage could only be obtained by working additional hours. In his estimation this strategy was not feasible given the 20 hour cap on work-study and the lack of off-campus jobs.

The Issue of Divorce

Our country's spiraling divorce rate has introduced a new problem into the needs analysis system. In a private interview, a D.C. area parent described the special problem divorced parents, particularly women, face when they are required to report court-ordered child support payments as income on financial aid application forms.

While this rule seems logical on the surface, it is not fair, because *within three years of divorce 75 percent of divorced men default on their child support payments.* Our society's tolerance of a parent abrogating this financial responsibility has thrown countless families into poverty. (*Note: The House recently passed H.R. 2374, which would allow states to garnish wages and intercept tax refunds of those parents negligent in their child support payments, but the Senate has yet to act.*)

No provision is made in the student aid needs analysis system to compensate for this dilemma. So, student aid awards are being calculated based on income which is never received. This only magnifies the financial predicament of these families.

Independent Status

Much attention has been given to the definition of an "independent student," because a perception exists that upper income students between the ages of 18 and 22 are feigning financial independence to get their parents off the hook for meeting their educational expenses.

A one year waiting period is required by the federal government to become independent, while state policies vary. Many states require a waiting period of up to five years. A student may be forced to drop out of school during these waiting periods, because of inadequate support.

Data collected by the Amercian Council on Education (ACE) reveals that only a small percentage of the 18-22 year old students classified themselves as independent, and of those, a clear majority were either minority, married, or have dependents. (See the Myth vs. Reality Box.)

A major problem with the independent student question is that despite the fact that students may receive more than the $600 worth of support allowed by the federal government, this contribution represents only a fraction of today's average educational costs. These students get

Myth vs. Reality Independent Students

Suspicion has been aroused about whether 18-22 year old students claiming financial independence from their parents are doing so falsely. The American Council on Education (ACE) analyzed 1981-82 Pell Grant grant recipient data in the public and proprietary sectors to determine if these accusations were founded. The results of their initial review follow:

Public Institutions

- Only 31%—225,000—of all Pell Grant recipients classified themselves as independent.
- Approximately 15%—34,000—had dependent children.
- Ninety-one percent attended school full-time.
- Forty-two percent were minorities, 29% were Black and the remaining 13% percent were Hispanic, Asian, or Native American.
- Eighty-five percent were between the ages of 20 to 22; the remaining 15% were 14-19.
- Approximately 71%—160,000—of the total were single with no dependents; over half were female and 44% were minorities.
- Of all 18-22 year old independent Pell recipients in this sector, 57% were either minority, married, or had dependents.

Proprietary Institutions

- Only 29%—7,000—Pell Grant recipients between the ages of 18-22 classified themselves as independent.
- Ninety-four percent attended school full-time.
- Fifty-nine percent were minorities; 48% were Black, and the remaining 12% were Hispanic, Asian, or Native American.
- Seventy-six percent were between the ages of 20 to 22; the remaining were 17-19 years old.
- Data was unclear but it appears that 81%—46,000—were married.
- Of all 18-22 year old independent Pell recipients in this sector, 70% were either minority or married, and of these, 78% were women.

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caught in a bind where they desperately need the $600 plus their parents can afford, but when receiving this money they qualify for less aid.

Emphasis on Loans

Anger was expressed about the inability of students to obtain adequate grant support, particularly after the first year of school. This situation has forced students to rely on loans to meet college costs. Problems with this plan follow:

- **Low-income persons are less likely to borrow:** Students and aid officers alike, testified that low-income students—particularly minority students and their families are less likely to borrow than their higher income counterparts. They are reluctant to take on large debts because they fear the inability to repay them.
- **Low-income persons encounter greater difficulty in obtaining loans:** Despite the fact that the federal government guarantees the repayment of student loans, banks still fail to approve loans to low-income persons. Banks are permitted to use their own criteria for approving loans, and often limited income families do not meet their standards. Reasons such as poor credit ratings or no credit rating at all are frequently cited.
- **Student indebtedness is increasing:** Student loan debt is reaching large proportions. Low-income students, who ordinarily would not have borrowed, are being forced to consider this alternative. Increasing student indebtedness is not a sound policy, since the Educational Testing Service (ETS) recently published a report citing that current maximum allowable debts will not be easily repaid. According to ETS findings, "if students are given no option except to repay their student loans on an equal monthly installment basis, the currently permissible GSL borrowing limits ($12,500 for undergraduates and $25,000 for graduate and professional students) appear to be too high in relation to the ability of most groups of students to make the maximum monthly payments associated with the loan limits, especially during the crucial first years of repayment."

Students and Work

Besides taking out loans, students are also working to compensate for their unmet need. According to the National Commission on Student Financial Assistance, the number of working students increased between 1974 and 1981. The Commission's figures contradicted a widely held belief that large increases in student aid programs within the same time period discouraged students from working. (See *Myth Vs. Reality* box on this page.) Given the inability of student aid funds to keep pace with inflation, it is safe to assume that more students will work to pay for school.

While students have demonstrated their willingness to help meet educational costs through work, their testimony indicated some problems do exist.

- **Work interferes with academics:** Many student testifiers complained about how work interferes with their studies. This is particularly true for students in difficult curriculums like medicine, science, and engineering. Working too many hours also prevents students from participating in extracurricular activities which can complement their classroom experience.
- **Work-study does not always provide enough income:** Student earnings through the College-Work Study program are not high. The typical salary does not usually exceed minimum wage, and a cap of 20 hours per week has been set. Students with significant unmet need cannot cover their costs through this program, and must seek off-campus employment. This task is easier said than done given the high unemployment rate. Students lucky enough to find another job, face greater interference with their studies.
- **Students required to complete internships face difficulties:** Many academic programs now require students to complete an internship before graduating. Most often a student is placed in an agency or business during the normal working hours. While these programs provide valuable training in the student's field of study, monetary compensation is not always offered. This poses a special problem, because the student is not available during traditional work hours for Work-Study, thus forgoing essential income. Additionally, students participating in internship programs have difficulty seeking off-campus employment, because of the program's hours.
- **Disabled students risk losing SSI benefits when they work:** Many disabled students attend college through Vocational Rehabilitation and Supplemental Security Income (SSI) payments. If Work-Study earnings are factored in, disabled students run the risk of being cut off from the SSI rolls. Most disabled students rely heavily upon these payments. $

Myth Vs. Reality
Students and Work

The Congressionally-created National Commission on Student Financial Assistance analyzed student work patterns between 1974 and 1981 to determine if increased funding of student aid programs diminished student willingness to work. A growing concern existed that the availability of grants and loans had decreased student incentive to work. The results dispelled this notion. Conclusions follow:

- Work appears to be a constant source of income for full-time students as well as a learning experience supplementing formal classroom education.
- Students were more likely to work in 1981 than in 1974. This increase is partly due to a rise in the employment rate of student populations less likely to work in 1974 such as women, Black, lower income, four-year college, and private college students.
- Students from wealthy families are less likely to work than others.
- Working Blacks are likely to work more hours than whites; but Blacks, as a whole, are less likely to work than whites.
- First year students are less likely to work.
- While the gap closed somewhat since 1974, students in two-year colleges are more likely to work and to work longer hours than students in four-year programs.
- Students attending public colleges tend to work more than their counterparts in private colleges. by 1981, the difference almost disappeared.

(Note: The data source used for the report is the October Current Population Survey (CPS)—a sample of about 155,000 individuals—compiled annually for the Census Bureau. This information reflects student work status during the October week the survey was performed; therefore, if a student worked during the summer, but not during this week, the summer work would not be counted. Thus, the Commission stated it probably underestimated student income from work.) $

II. Student Aid Administration

① Inadequate Information Is Still a Student Aid Problem.

"I never know what's going on. I fill out my FFS and mail it in by the deadline. I get little green forms, and I take it to the financial aid office just like they tell me. Sign where I am supposed to sign, and then I wait and see what my financial aid is going to be."

—Jamie Goldner, a Midwestern University student

The age-old claim that information about the existence of, application procedures for, and award process of student financial aid programs is not reaching students—particularly those most in need—is still being made. Findings from the hearings and a study of access barriers to low-income persons, show that inadequate information dissemination is still a major student aid issue.

"Survey findings showed that AFDC recipients are not receiving information about educational opportunities or financial aid from social service agencies or postsecondary institutions."

Program Information

In the 1976 hearings, students charged that information about the existence of student aid programs was not reaching those most in need. In 1982, NSEF joined with the College Board to determine if the situation had improved. We chose to survey Aid for Families with Dependent Children (AFDC) recipients, since they sit on the bottom rung of the economic ladder. *(See the box on the opposite page for more information.)*

Survey findings showed that AFDC recipients are not receiving information about educational opportunities or financial aid from social service agencies or postsecondary education institutions. In fact, the most unreliable form of relaying information—via word of mouth—nearly equaled the percentage of recipients who received information from "reliable sources."

Before contacting NSEF, only 31.8 percent of survey respondents had ever received information about student aid or educational opportunities. Only one respondent received such information from the social services office, while 5.5 percent received it from the Comprehensive Employment and Training Act (CETA) and the Work Incentive Program (WIN). Colleges fared a little better by informing 7.1 percent.

Survey participants offered insights into the types of information needed in order to consider attending a postsecondary education institution and where they obtain their information. Topics such as jobs training, child care, non-federal sources of financial aid, career/school counseling, family budgeting and counseling, and volunteer work were identified. Family and friends accounted for 80 percent of their information sources.

The results of this survey prove that efforts to reach this population must be improved.

Process Information

The lack of student knowledge of the student aid process is underscored by the the opening quote. Another student confirmed the confusion felt by many when he stated: "Financial aid, you almost need a master's degree to figure it out." The current financial aid processing system has become so complex that even the most advanced degree does not help when wading through excessive red tape.

This level of complexity and the inability of students to grasp the process has resulted in student intimidation and frustration with the system. The results have ranged from students making mistakes on their aid applications, to missing deadlines, to not applying for aid at all.

Misinformation Relayed

Tied to the problem of no information is the issue of misinformation or misunderstanding information provided. It is difficult to determine whether the core of the problem is that incorrect information is being relayed or that students, unfamiliar with financial aid jargon, are not understanding the message.

This point was illustrated by Charlene, a D.C.-area student, who relayed her tale about a misinterpretation of an aid office staff person which almost cost her a semester of school.

When she went to the aid office in April to apply for a loan, she was informed that she was not eligible for a loan until September, because the term on her current loan would not expire until then. Charlene incorrectly interpreted this statement to mean that she could not begin the application process until that time, rather than the true case—she could not receive the actual loan until then.

When she returned to the aid office in September, she was informed that her loan payment would not be received for at least eight to ten weeks. This left Charlene in a state of panic, because her tuition was due and after exhausting her own and her parents' savings, she still came up $600 short.

"This point was illustrated by Charlene, a D.C.-area student, who relayed her tale about a misinterpretation of an aid office staff person which almost cost her a semester of school."

Since the campus demanded full payment at registration, and since they would not waive any of her tuition charges even though she had applied for a loan, Charlene saw no other option but to drop out for a semester.

When she informed her work-study employer that she was leaving school for the semester, the director loaned her the $600.

While the aid office counselor was attempting to help the student, the jargon associated with financial aid confused her. When immersed in this system on a daily basis, it is easy for counselors to forget that many terms are misunderstood by the average student. ∎

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Background
The AFDC Study

From June 1981 through December 1982, NSEF conducted a pilot program aimed at providing Aid for Families with Dependent Children (AFDC) recipients with informational and motivational counseling about higher education opportunities and financial aid.

This goal was met by advertising the availability of this information in the Prince George's County social services newsletter, answering information requests via the phone and mail, and conducting community workshops across the county featuring aid and admissions officers from area community, four-year, and technical colleges.

Over an 18-month period NSEF staff member Gwen Benson-Walker, conversed with over 500 AFDC recipients, who were desperate to find an alternative means to securing income. The College Board in New York—interested in obtaining more information about barriers preventing AFDC recipients from attending college—decided to use this network to further examine the issue.

NSEF and the College Board developed and distributed a survey to over 200 callers, and 100 individuals responded. The results unveiled seemingly insurmountable informational, social, and economic barriers which have and continue to prevent low-income persons from taking advantage of educational opportunities, thus traping them in the poverty cycle with little hope for change.

NSEF focused upon the AFDC population because these individuals sit on the bottom rung of the economic ladder. AFDC, established under the Social Security Act of 1935, provides cash assistance to children who have been deprived of parental support due to death, disability, or prolonged absence of one or both parents. Over 3.5 million families totalling 10.5 million persons survive on an annual income of $2,000 to $6,000.

The full report can be obtained by writing to NSEF. $

② Policy Changes Cause Chaos.

"Only once in the last seven years have the federal programs functioned in the same way as the previous year. Given this past year, Murphy's Law was in full force when not a single program functioned as it should have."

—Dr. Grotrian, Financial Aid Director, Central Michigan State University

While the trend of constantly changing financial aid policies was not introduced by the current administration, more alterations have been made in these programs in the last four years than ever before. Consensus exists that many of these shifts have resulted in more problems for students and aid officers alike. Changes include:

- increasing the interest rates on National Direct Student Loans (NDSLs), Guaranteed Student Loans (GSLs), nursing loans, and other medical loans;
- mandating the payment of a 5 percent origination fee on GSL's which is withheld before a student receives a loan but must be repaid;
- requiring families with an adjusted gross income exceeding $30,000 to undergo a needs test prior to receiving aid;
- forcing male students between the ages of 18 and 24 to verify that they have registered for the draft before receiving aid;
- delaying and revising the allocation of student aid funds to campuses,
- releasing application forms late;
- phasing out student social security and veteran's benefits; and
- requiring financial aid officers to validate data appearing on all students' aid applications.

"Financial aid personnel are equally distressed by changes, because they must not only make sense of the morasse of new regulations, but must also explain these changes to students and implement them in a timely fashion. They are also a target of student anger, because they are constant bearers of bad news."

Confusion for Students

As the previous section explained, most students have never understood the inner-workings of the student aid system. It has become so complex that it is almost beyond comprehension. Constant policy changes do little to improve this situation.

According to testimony received, the most damaging result of these changes has been student perception that they are no longer eligible for aid. This belief is bolstered by the student rumor mill, which runs rampant as news of budget cuts and regulation changes break.

Bewilderment about the regulations also results in additional student problems such as missed deadlines, incorrect completion of forms, and anxiety that student aid funds will not be forthcoming.

Chaos in the Aid Office

Financial aid personnel are equally distressed by changes, because they must not only make sense of the morasse of new regulations, but must also explain these changes to students and implement them in a timely fashion.

Since aid office staff have been the constant bearers of bad news during the past four years, they are frequently the target of student anger and resentment. Aid office staff, in turn, become annoyed with students because they are under pressure and do not have extra time to explain the changes; the problem goes on and on. The combined frustration of students and staff makes for a deadly combination that can explode at any given moment.

Besides affecting the human relations aspect of aid operations, constant changes influence the smooth delivery of student aid. An office operating in the state of constant flux cannot reach maximum efficiency levels. Confusion, tension, and deadline pressure usually results in delayed services, lost paperwork, and burned-out personnel. Such is not an appropriate environment for one of the most important offices on campus. $

③ Aid Office Staff Need to Be More Sensitive to Student Needs.

"You go in there, you have your forms. They do the clerical work, and you leave. It isn't let's sit down and maybe there is a way we can help you find financial aid."

—Susan Block, a Midwestern University Student

While the statements made about aid office staff were not overwhelmingly negative, students did feel improvements are needed. Treating students poorly is commonplace on many campuses according to many NSEF-USSA contacts. Certain students liken the attitudes of some aid office staff to social service department workers, who believe they are giving their clients something for free. For this, you are to be grateful and accept less than respectful behavior.

"From the statements made during the hearings, it appears that most tension is felt from lower level aid office personnel as opposed to directors and assistant directors."

From the statements made during the hearings, it appears that most tension is felt from lower level aid office personnel as opposed to directors and assistant directors. In fact, most positive remarks about financial aid office staff were provided when a student made his or her way through the campus aid bureaucracy to speak to a top level aid officer. According to student testifiers, such personnel were more than willing to assist the student in resolving problems.

Much of the communication problems between students and staff relates back to mutual confusion resulting from the complex and changing nature of the system. Often, the staff are either unwilling or unable to explain the process to unfamiliar students.

"Since aid packages are based on the student's or parents' income for the previous calendar year, sudden loss of employment can drastically change a student's financial condition. Provisions currently exist for students to complete a Special Condition form and to receive additional aid, but this practice is not widely advertised or accommodated."

Rigidity

Students feel that the current financial aid system is too rigid and unadaptable to special circumstances—no matter how serious. This point was best illustrated by a student named Jamila Feldman, who had a progressive nuerological disorder which left one side of her body nearly immobile.

Work-Study constituted a major portion of Jamila's financial aid package. She encountered numerous problems with this packaging scheme for several reasons. First, she was repeatedly assigned to Work-Study jobs that she could not handle such as typing and pushing carts in the library. While the aid office was agreeable about changing her assignments, Jamila had to spend time completing the necessary steps to get re-assigned on three occasions. When she finally received the job she wanted—tutoring in the Language Lab—she eventually was forced to resign, because her illness made it impossible to climb steps. No elevator was available.

Second, her illness forced her to miss work on numerous occasions. As a result, she was unable to earn her maximum Work-Study allotment. This left her with an unmet need in addition to steep medical bills, which were substantial but not high enough for her to qualify for Medicaid coverage.

While the aid office helped her in changing jobs, she felt the staff could have exercised more sensitivity toward her special needs. Jamila also believed that her aid package should have been designed differently—not counting so heavily on Work-Study earnings that she could not earn due to her poor health.

Special Financial Conditions

Testimony from Michigan students was filled with pleas for more sensitivity toward changing financial situations brought on in that state by the auto industry crash, which has had a ripple effect on the entire state's economy. Additional industrial states are feeling the same pinch, and the student aid system must be more responsive to this negative economic trend.

"Testimony from Michigan students was filled with pleas for more sensitivity toward changing financial situations brought on in that state by the auto industry crash, which has had a ripple effect on the entire state's economy."

Since aid packages are based on the student's or parents' income for the previous calendar year, sudden loss of employment can drastically change a student's financial condition. Provisions currently exist for students to complete a Special Condition form and to receive additional aid, but this practice is not widely advertised or accommodated.

The students, who did inquire about the existence of such a program and completed the necessary application, usually never received a response or were denied additional aid. Overall, campus aid officers were reluctant to change aid packages in midstream, and students were very discouraged about their unwillingness to provide assistance during this trying time. $

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④ Aid Office Staff Work Under Poor Conditions.

"For financial aid administrators there is no slack period. Relief has now evaporated. You find yourself reading the rules and proposed bills, final regulations, and question and answer sheets about the regulations, copying stacks of materials to keep up with your staff, and engaging in mandatory overtime. Stress management has become a standard offering in all professional meetings. It isn't any wonder that financial aid experiences the greatest turnover in any area of employment in the world of education. And, yet we are expected to build a cadre of experienced professionals to manage a complex set of programs."

—Harvey Grotrain, Financial Aid Director, University of Michigan, Ann Arbor

This quote provides the reader with a vivid description of the deep frustration felt by aid office staff dealing with the headaches of increased need and decreased dollars coupled with constant changes in rules and regulations.

Aid office personnel—the backbone of the system—keep the process moving and operating on a daily basis. The frustration voiced by this student aid officer is only the tip of the iceberg and identifies a very serious problem in higher education—the lack of continuity in aid office staff.

The hours are too long, the work is too exasperating, and the pay is too low to keep personnel. These sub-standard working conditions also prevent staff from performing to the best of their ability. If this situation cannot be improved, it may well spell the downfall of the student aid delivery system. $

⑤ The Timing of Student Aid Is Hurting Access.

"I had to return my Pell Grant Student Aid Reports five times for corrections. That caused a delay in the receipt of my financial aid award, and I almost was forced to drop out of school. Then, they didn't give me any money! Why should I bother."

—Faith Orlins, a Northeastern University Students

The most threatening administrative problem to higher education access is timing. Students raised serious complaints about the timing of both receiving their award notification and the actual funds. Aid officers also outlined how the feds' footdragging in informing them of their allotments and forwarding the funds has negatively impacted on students.

Timing and Students

Complaints about the timing of award notification and receipt of awards were recurring themes throughout the hearings. While this problem impacts all aid recipients, it particularly hurts students with families of their own, particularly single parents, and low-income persons. This problem not only occurs with grants and loans but also with Work-Study earnings.

Dora de la Rosa, who serves on the Chancellor's Advisory Committee on Affirmative Action in California, attested to the fact that coming up with living and school expenses before the financial aid checks arrive is very difficult, if not impossible, for many students. They are often left without money for carfare, books, food, and other necessities.

As the waiting period lengthens, tension mounts, and students strongly consider dropping out of school. This plan, however, would not result in savings, because after attending classes for two to three weeks a student will not qualify for a significant refund.

This issue is particularly applicable to AFDC recipients. Through the survey, NSEF found that of the respondents who enrolled in college before contacting NSEF, only 10 percent had obtained a degree. Financial problems were the major cause of the high attrition rate, and remaining obstacles such as family/problem difficulties with financial aid, lack of affordable child care, transportation problems, not being able to afford living and college expenses, and full-time employment interference largely relate back to money.

It is important to understand that when an AFDC recipient attends college a financial burden is placed on his or her entire family. Additional expenses such as books, carfare, and child care can break

Myth Vs. Reality Sacrifice

Tales spread about students cashing in their financial aid checks and purchasing sports cars and investing in money markets are an exception, not the rule. A list of sacrifices made by students, their parents, and aid officers to fund education costs follow:

- **Here today, gone tomorrow:** In order to obtain enough funds to pay for educational and living expenses, students have been dropping out every other semester or going to school part-time rather than full-time. This plan increases costs.
- **What do you want, blood?:** This old colloquial expression used to signify extraordinary demands, applies to a Wisconsin student who displayed bandaids covering the portion of his arm where he donated plasma twice a week for money.
- **Mandatory weight loss program:** Since students must decrease their living expenses, food allowances are significantly reduced. One student relayed that her meal expenses were dependent upon the rate of her gas and electric bills; usually only $15 per month was left.
- **Early retirement:** Parents without adequate dollars to finance their children's postsecondary costs are dipping into their retirement funds. Drawing on this money prior to retirement age results in the payment of taxes and penalties.
- **House for sale?:** No, parents are not selling their homes; they are remortgaging them. High interest rates make this expensive.
- **Overnight processing:** In the interest of saving students money, a Michigan aid office conducted a marathon processing session, which he compared to "...the fellow in the TV commercial who is trying to get a package delivered overnight." $

Needs Analysis Continued

an already subsistence budget. Without a modicum of financial security, it is extremely difficult for a low-income person to attend school.

Aid Office Notification

The timing problems experienced by financial aid administrators has been in the notification of their allotments and in receiving these funds. The dilemma was best described by a Michigan aid officer who relayed a story of personal risk.

During the 1981-82 academic year, his aid office disbursed nursing loan dollars to students prior to receiving the allotment, because it would not serve the institution or the student to wait well into the semester to disburse the funds. Eventually—two months before the end of the academic year—the campus received the anticipated federal allocation. This particular aid officer and his institution were willing to take the risk and notify students in advance; the worry involved in making such a decision cannot be ignored.

The risks did not end here. During the following academic year, 1982-83, the institution did not receive notice of its funding for the campus based funds—NDSL, CWS, and SEOG—until October, six months after the aid office had begun to make commitments to students. In the words of the officer, "We took the risk, gambled, and funds came through. Will we be so lucky next time?"

The risks did not end here. The same officer went on to relay that when Congress was attempting to help by approving a supplemental appropriation, they still caused a problem, for when they approved the supplemental for the Pell Grant Program it threw off over 3,000 awards. These recalculations came at a time when the aid office was attempting to process winter term awards for all aid recipients. Finding the time to correct this problem was not an easy task.

Application Mistakes

A major aspect of the timing problem surrounds mistakes made by students or the processor on the financial aid application form. In a private conversation with NSEF staff, one student attending a high-priced New England university informed us that her forms were returned to her five times. This caused her award to be delayed by several months. The back and forth needed in correcting applications is wasting a great deal of time. $

⑥ Solomon Will Cause Administrative Difficulties.

"The amendment discriminates by gender, heritage, and economic status, because this regulation would have a disproportionate impact on male and minority college students who are most economically disadvantaged. Financially secure students, who do not depend on financial aid, will not have to register for the draft and at the same time will be allowed to continue their college careers, while middle class and poor students who are just as academically capable will be unfairly denied the right to an education." —Randy Hayman

Both the House and the Senate voted overwhelming in favor of the Solomon Amendment to the Defense Reauthorization Act requiring male students to register for the draft prior to receiving student aid. The passage of this act drew an immediate outcry from the student and financial aid community, who questioned whether receipt of student aid should be contingent upon draft registration as well as its constitutional implications.

On January 20, 1983, secretary of education Terrel Bell announced the Department's lengthy implementation process calling for all students to complete a "Statement of Verification" certifying that they had registered for the draft or were not required to do so because of age, sex, or another permissable reason.

Then, the student's Selective Service letter verifying registration must be supplied. If the student does not possess this letter for some reason—lost or never received it—he can sign an affidavit (at the discretion of the institution) and receive aid.

But, within 120 days the letter must be submitted to the aid office, otherwise the student will be asked to attend a hearing to prove registration or will be viewed in default of the aid granted. The universities are asked to provide the names and social security numbers of those students signing statements but not producing the letter to the Department of Education for collection purposes.

The Minnesota Public Interest Research Group (MPIRG) took the issue to federal court, and Judge Alsop issued a preliminary injunction in March followed by a permanent one in late June. Just two days before the July 1 starting date of Solomon, the Supreme Court revoked Alsop's permanent injunction. The Department demonstrated reasonable action by allowing institutions to wait until September 1 to begin enforcement and waiving the requirement that the Selective Service Letter be submitted to the aid office.

As a result, aid offices have not felt the full effects of Solomon. Be assured, however, that Solomon will once again become an issue. $

Student Opposition Solomon Amendment

- **Administrative burden:** Students and aid officers agree that the Solomon Amendment enforcement will cause additional paperwork for already overextended aid office staff. Time could be better spent assisting students with their aid problems and disseminating more information about the programs.
- **Confusion and Delays:** This report has already addressed problems caused by the complex aid system. Now, students will be asked to complete more forms and provide additional documentation. More paper always opens the door to increased error.
- **Philosophical Principles:** Students raised serious questions about the inability of this law to accommodate individual principles about service in the military. No provisions are made for conscientious objectors.
- **Represents a bill of Attainder prohibited by the Constitution**—when Congress steps into the role of the courts and legislatively determines criminal guilt without benefit of a trial and all protections afforded a defendant.
- **Forces a student to incriminate himself**—which is protected under the Fifth Amendment—because he must complete a Statement of Compliance when applying for aid.
- **Violates the equal protection clause,** because it discriminates most blatantly on the basis of age and sex. A case can also be made for discrimination based on race and income, because a large percentage of aid applicants are minorities and lower income persons. $

III. Access and Equity Issues

① Aid Cuts Disproportionately Affect Minority & Low-Income Students.

"I've always thought it was part of the government's job to make life a little bit more fair, to ensure that everyone regardless of race, social class, or economic conditions they were born into, have equal opportunities to pursue their life goals."

—*Curtis Mares, a Western University Student*

This statement made by a first generation Hispanic student represented the views of many testifiers. Both students and aid officers highlighted their fear that cuts in financial aid programs would make the campuses more homogenous according to race, income, and gender. This concern is justified given the disproportionate number of minority, women, and low-income persons dependent upon student aid, and the trend that more white, middle to upper income students are obtaining aid.

"In 1981, the median income for Black families was 56.41 percent of that for white families. In 1974, 50.93 percent of Black aid recipients came from families with an income below $12,500; by 1981 that figure increased to 57.44 percent."

The results of a study completed by the National Commission for Student Financial Assistance entitled, *Changing Characteristics of Student Aid Recipients: 1974—1981*, provides comprehensive information about the characteristics of aid recipients. The major theme of this report is the large growth in the number of middle and upper income students participating in the program. This trend is attributed to legislative changes made through the passage of the Middle Income Student Assistance Act (MISAA) in 1978, especially the provision which eliminated the income ceiling for the Guaranteed Student Loan Program.

Another dramatic shift in family income levels was reported. In both 1974 and 1981 the majority of aided students had family incomes over $20,000, but the probability that aid recipients would have an income level over this amount increased between 1974 and 1981. Almost two-thirds of all white aid recipients came from families with incomes exceeding $20,000.

The economic picture, however, grew worse for Black families. In 1981, the median income for Black families was 56.41 percent of that for white families. In 1974, 50.93 percent of Black aid recipients came from families with an income below $12,500; by 1981 that figure increased to 57.44 percent.

While this report did not break down the income levels of Hispanic students, a report conducted by the National Association of Spanish Broadcasters and Strategy Research Cooperation found that of all Hispanic families only 37 percent have an income level over $20,000.

Despite the increase in the number of white, middle to upper income students receiving aid, low-income, minority students still receive more aid dollars, particularly Pell Grants. While not as pronounced as the division along race and economic lines, women do receive more aid than men in all aid programs except GSLs. $

② TRIO Programs Should Be Supported.

"I know firsthand the value of TRIO Programs. For hundreds of thousands of disadvantaged youth, TRIO Programs are their only hope of attaining a college education. Proposed cuts in TRIO Programs are unrealistic. How will these students be served? The results will be the denial of educational access to countless students."

—*Julie Brown, a Midwestern University Student*

Strong support for the advancement of TRIO Programs was voiced by student aid officers. (Note: These programs are called TRIO, because three programs—Talent Search, Upward Bound, and Special Services for the Disadvantaged—originally comprised the program. Since that time two additional programs—Staff Training and Educational Opportunity Centers—have been added.)

According to a report issued by the Institute for the Study of Educational Policy (ISEP), in Fiscal Year 1981, TRIO Programs placed more than a half million disadvantaged students in postsecondary education. Information about the success of these programs was released by the National Council on Educational Opportunity Associations (NCEOA) after Department of Education studies were conducted. Highlights appear in the box in the next column. $

Special Services

- Students who receive the full range of special services were 2.26 times as likely to complete their first year of college as students who did not.

Upward Bound

- Four years after high school graduation, Upward Bound participants were four times as likely to have earned a baccalaureate degree as compared to non-participants.

Talent Search

- Talent Search Projects served 200,612 students: 8,449 Native Americans, 6,841 Asians; 82,914 Blacks; 39,541 Hispanics, and 63,066 whites. Thirty-seven percent—74,790 students were placed in postsecondary education institutions.

Educational Opportunity Centers

- Educational Opportunity Centers served 127,198 clients: 3,621 Native Americans; 4,645 Asians; 50,780 Blacks; 19,734 Hispanics; and 48,418 Whites. Twenty-seven percent—34,145 clients were placed in postsecondary education institutions. $

③ Better Coordination Is Needed.

"When my caseworker and I were attempting to trim my budget, she actually asked me if I really needed books for school."

—A former D.C. area AFDC Recipient

Student testimony and the AFDC study (See Background box on page 7.) revealed coordination problems between financial aid and other income maintenance programs. These problems are described below:

AFDC

Aid for Families with Dependent Children (AFDC) recipients attempting to gain financial independence through postsecondary education have become caught in a Catch-22 situation—receiving student aid can result in reductions in AFDC and food stamp benefits. A previous College Board study, *The Interaction Between Public Assistance and Student Financial Aid*, identified and explained the serious problem.

In brief, the controversy surrounds the fact that many departments of social services define educational expenses to be only tuition and fees, while the needs analysis system for computing student aid awards allows a student to factor in education-related expenses such as books, carfare, and living expenses as well as child care in some more enlightened states.

Current regulations prohibit Pell Grants, Supplemental Educational Opportunity Grants, National Direct Student and Guaranteed Student Loans from being factored in as income. Work-Study, as well as state and institutional grants and loans, however, are not exempt. As a result, social service offices reduce a recipient's AFDC and food stamp benefits in some proportion to the amount of financial aid the recipient is receiving over and above tuition and fees. Such action is unfair, because student aid funds are used to cover educational expenses, as opposed to food and clothing for dependent children.

Several lawsuits have been filed over this issue, but a beneficial decision has yet to be rendered. The U.S. Supreme Court declined to hear an appeal of a New York court decision dealing with the state's treatment of the combined financial resources of student aid and public assistance. This refusal let stand a New York lower court decision stating that it was reasonable for a state to prioritize student aid benefits in a manner designed to minimize state welfare costs, even if it penalized students, as well as an appeals court ruling that student aid provided directly to the school can still be considered available for income.

SSI

Similar to the problem experienced by AFDC recipients, is the dilemma faced by disabled students receiving Supplemental Security Income (SSI). According to a D.C. area disabled student advocate, a growing concern exists within the disabled community about the loss of SSI due to the receipt of student aid, particularly College-Work Study.

Additionally, disabled students encounter confusion because they must now deal with two funding sources—Vocational Rehabilitation and federal student aid programs. The Voc Rehab program offers a wide range of support needed for disabled persons to succeed in educational programs. The bulk of these benefits are derived from the state and are supplemented by federal funds.

"Besides worrying about being cut off of SSI, disabled students also encounter confusion because they must deal with two funding sources—Vocational Rehabilitation and federal student aid programs."

In the wake of sweeping cuts in all social programs, state Rehabilitation Services are feeling the pinch. Subsequently, a trend has begun where these agencies are asking student clients to apply for Title IV student financial assistance to lessen their burden; thereby, freeing up scarce resources to assist other disabled persons requiring their services.

Because of this trend, an agreement has been reached between the Office of Student Financial Assistance and the Office for Special Education and Rehabilitation Services which encourages coordination between these two bodies to provide information. This agreement, however, needs to be strengthened in order to improve financial aid services for disabled students.

S

Credits

Funders

College Board
George Hanford, President
Sol Arbiter
Kathleen Brouder
Talley Wickstrom

American College Testing Program
American Association of State Colleges and Universities
Educational Testing Service
United Council of Wisconsin Student Governments
United Student Aid Funds
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Mr. MOORE. The clear message that emerged from the hearing is that students are facing record levels of unmet needs due to increased cost of attending a postsecondary institution. The 23-percent drop in the value of student aid since 1980 has forced some students to borrow more, some to work more, and others to forego a higher education.

There is also confusion about the existing programs and how a student's eligibility is determined. USSA recognizes that many of the current problems are the result of continuous budget and appropriation battles which have negated many of the provisions in the Higher Education Amendments of 1980, but the reality is that many students' educational opportunities have been seriously jeopardized.

The reauthorization process is important in collecting input from all sectors of the education community, so the Congress must make a commitment to increase funding for education to ensure access for all students to a postsecondary education.

Education funding cannot be viewed as just a yearly appropriation level, but as a cumulative investment in the future of our Nation's youth. And I appreciate the high priority the chairman has placed on the appropriation levels as an investment in our future.

In the area of Pell grants, USSA supports the concept of Pell grants as a foundation of Federal student financial assistance, upon which other student aid programs, loans, college work study, supplemental education opportunity grants, and the State grant programs should be based. Creating Pell grants as a true entitlement would eliminate the damaging uncertainty that has prevailed over the past 4 years due to the administration's proposal and the appropriations and budget process, which have together created delays and real cuts in the programs. These cuts have often taken place at a time when critical decisions are being made by students and their families concerning the choice and affordability of an institution.

This uncertainty has led to even more confusion in the financial aid office due to repackaging of campus-based awards at the last minutes.

USSA supports the modification of the half-cost provision of the Pell grant program from 50 percent to 75 percent of tuition, compulsatory fees, books, and living allowance. The fixed, half-cost provision has resulted in many low-income students who have unmet need, being capped at the 50-percent level of cost, which are artificially low, and the needs that are high.

USSA is concerned about the living allowance tier structure that is presented in this bill. We are concerned about living allowances being fixed in the law without consideration for inflation increases or variations in geographic cost-of-living differences, which cannot be realistically assessed in a national formula.

Furthermore, we are concerned about the proposed changes in the independent student definition in this bill and how this definition could restrict access to Pell as an entitlement to the low-income student, whose access to higher education is directly linked to the availability of student aid.

An American Council on Education study of the 1981–82 Pell grant recipient poll of public institutions showed that 31 percent of

all Pell grant recipients were independent students. Of that amount, 42 percent were minorities and 85 percent were between the ages of 20 and 22.

And age 24 appears to be an arbitrary age upon which to assume independence or acquire additional documentation, including, quote, "And has sufficient income from an independent source to indicate financial independence during the preceding year," unquote, to be classified as an independent student. This wording sounds ambiguous and would undoubtedly increase the confusion around the definition for many student aid recipients.

Beyond the confusion is the very real possibility of denying critically needed student aid dollars to students who are unable to justify their independent status and are then presumed dependent. USSA does not perceive the institutional block grant proposal as a direct simplification in the process of applying for student financial aid from the student's perspective.

Since students do not apply for each program separately on their campus, they are currently filing an application that is being used to package their campus-based awards. The appropriations for SSIG, NASA direct student loan, and the SEOG, would be merged into a block grant which would be distributed on campuses based on the dollar amount of Pell and guaranteed student loans received on the campus. This allocation formula appears to contradict the intent of the bill to direct the Federal funds to those institutions who are serving the students with the highest level of unmet need.

My immediate reaction is that there would be an institutional incentive to require a loan self-help prior to the receipt of campus-based awards, since this would be the basis for the campus' allocation the following year. If there is some documentation or information which demonstrates that the existing relationship between the recipient of Pell and GSL, it might be better to understand the implications for students in this proposal.

USSA agrees that the grants and work need to be reinstituted as the primary source of funding for student financial aid. USSA is concerned about the level of student indebtedness, directly impacting a student's choice, beyond undergraduate education, and increasing portions of the Federal student aid budget, which has been spent on the GSL Program, thus limiting funds for grant programs.

USSA supports the elimination of the origination fee, which is included in House Resolution 5240, which would result in every student saving a 5 percent of return value of the loan, plus the interest that would have been paid during repayment.

USSA fully supports the creation of lenders of last resort, to increase access to GSL funds. Many low-income students and/or their families cannot obtain GSL's from lenders because of poor or no credit history. It is important to break down this barrier to access to a program that should be the option of all students, if they need the funds for pursuing a postsecondary education.

A major concern within the GSL Program is the insurance premium. This fee is being charged to every student to cover the reinsurance by the State guaranteeing agencies, to the Federal Government. This fee must also be repaid with interest. Research conducted by the National Commission on Student Financial Assistance, documented that large portions of the student insurance premiums

were being used to cover basic operating expenses of the guarantee agencies and not being used for their intended purposes of covering defaulted loans.

USSA urges that the insurance premium be examined further by Congress. We are concerned about a fee that students across the country are having to pay out of an already shrinking pool of available resources.

USSA is concerned about a proposal to float the guaranteed student loan interest rate if the Treasury bill reaches 13 percent. We maintain that the GSL interest rates should remain consistent and not include the uncertainty created by students borrowing today and not knowing what the future interest rates are, charged in the Student Guaranteed Loan Program would be.

We are equally concerned about floating National Direction Student Loan Programs that are supposedly designed to make loans more accessible to low-income students. The proposal to reduce the special allowance to 3 percent prior to entering repayment would result in savings to the Federal Government in bringing down the total cost of GSL Programs without affecting the number of students receiving a loan.

The 3-percent figure was calculated by the National Commission as a figure which adequately compensates for the expenses incurred in servicing the loan while the student is in school. USSA opposes any efforts to transfer special allowances charges to students during any part of the loan process. We strongly support the creation of the National Center for Postsecondary Educational Opportunities as a mechanism for increasing student awareness of their potential eligibility for financial assistance, due to broad dissemination of necessary information. We support the expansion of the Trio Programs to meet the needs of educationally and economically disadvantaged college students. Due to limited funding, Trio Programs served 493,000 students last year, less than 10 percent of the eligible population.

Studies have shown that students who receive the full range of special services, counseling, tutoring, in basic skills, are 2.26 times more likely to complete the first year of college. Although not a Trio student myself, I was fortunate to be a recipient of the Cleaver Scholarship Program, which provides high school students with the necessary information to help them through the financial aid process.

In addition, I was awarded a scholarship which provided me with the necessary funds to attend college. This was after receipt of all Federal, State, and institutional financial aid that I was eligible for. Without this extra funding to meet my unmet need, I would not have been able to begin or successfully complete my undergraduate studies at Ohio University.

By instituting an agency such as the Center for Postsecondary Educational Opportunities, programs such as Trio and the Cleaver Scholarship Program could help benefit more of the students who are in desperate need of their assistance.

The future of education remaining accessible to all students lies in the maintenance and expansion of financial aid programs, which provide equal opportunity in higher education.

Thank you for this opportunity to present the views of the U.S. Student Association on House Resolution 5240. We are looking forward to working with the subcommittee throughout the reauthorization process in our mutual efforts to debate, formulate, and ultimately, enact into law a bill that will direct student financial aid for the rest of this decade toward equal access in education. Thank you.

Mr. SIMON. We thank you.

Ms. Sifuentes, you have been a witness before this subcommittee before and we are pleased to have you again.

[Prepared statement of Diana Sifuentes follows:]

PREPARED STATEMENT OF DIANA SIFUENTES, LAW STUDENT, UNIVERSITY OF HOUSTON LAW SCHOOL

My name is Diana Sifuentes and I am currently a student in the School of Law at the University of Houston. I would like to take a few minutes this morning to talk to you about my life as a migrant farmworker and in particular how one program, the High School Equivalency Program at the Unversity of Houston, dramatically changed my life.

When people ask me where I was born, I answer Weslaco, Texas because, indeed, this is where I grew up. But the truth is that I was born somewhere between Weslaco and Robstown, Texas in a small town along highway 77. My mother and father were migrants, and, on the day I was born they were on their way to work in the fields. My father probably still worked that day.

I was one of seven daughters of Eva and Santos Rivera and as I say, we were migrants. Neither my mother nor my father had any formal education and my earliest memories are of the fields. Each year in late March or early April we would leave Weslaco and begin the trip to Michigan, Ohio and Indiana where we would pick strawberries and cherries. I especially remember the farm where we picked in Michigan. We were fortunate because we did a good job and one farmer, Mr. Kolarik invited us back year after year. He cleaned and washed down the chicken coop before we arrived and that was our "house" for three or four months. I also remember the going rate in those days for strawberries, twenty-five cents a box. We started at 4:00 in the morning and worked until 6:00 at night. All of us worked, my six sisters, my mother and my father, and honestly, I would like to be able to say that it was fun or that it brought the family really close or that I learned the value of hard work from this experience, but I can't. It was difficult, tedious, boring and in many ways (because of the lack of facilities) dehumanizing. The main thing you learn is that you never want to do it again in your life; that almost anything seems preferable.

But working in the fields was the only thing my father knew and it provided enough money to get us by when we got back to Weslaco in October until the next season came the following March.

There were few migrant educational programs in those days, and though people came to the fields in Michigan to talk to my parents about the children attending summer school, we were depended on to help, education would have to wait.

As you can imagine, my education suffered. The area around Weslaco, Texas generally known as "the Valley" has the highest concentration of migrant and seasonal farmworkers of any place in the country and the schools had a dual system, one for migrants, one for non-migrants. It wasn't that we migrants were held back; it was just that there were no expectations for us. We were passed from grade to grade whether we knew the materials or not, and, of course, beginning the school year in late October instead of early September and ending the year in March instead of June put us four months behind in terms of teaching time each year. I remember when I was in the fifth grade, a teacher gave me a huge stack of workbooks and worksheets and said "do these over the summer". While I know she meant well, I didn't understand any of it well enough to work on it, and I surely couldn't do it at the Kolarik farm.

My schooling continued this way, each year I was further behind, each year I left for the fields in March and returned in October until at sixteen I dropped out of school, got married and began a family. Less than a year after getting married, my husband was sent to Vietnam and a year later he returned a different man; a man enraged and brutal. We were divorced within a year.

ERIC

My situation was now worse than before. Good jobs are not available to people without high school diplomas and besides, I now had a one year old son. That summer I was back in Michigan picking strawberries, (now for a dollar twenty-five a box) and it was here that a recruiter told me about the High School Equivalency Program at the University of Houston.

In October, 1971 I came to the HEP program. I lived here on campus with other students. I was given the most intensive basic instruction I had ever received but more than this there were expectations. Expectations that I would succeed, that I would get my General Educational Development Diploma, that I would graduate from HEP and go on to college—and I did.

After only eight weeks in HEP I was tutoring other students. There was a true sense of cameradarie among students and, for the first time, I had teachers who understood where I came from and what I was capable of achieving. Not only this, but I also saw other students, regular students from the University of Houston going to classes, studying, participating in campus activities. I knew I could do what they were doing and I really was motivated by thier example.

I visited the library, the bookstore, the gym, the University Center. I "rubbed elbows" with regular university students and I had a student I.D. People who grow up in families where college is an expectation don't realize how frightening college is for someone who never was expected to be there. HEP was tremendously helpful in assisting me in overcoming the fear of the unknown in relation to attending college.

By Christmas of 1971, I had completed the work at the University of Houston HEP, had received my G.E.D. and was back home. After a year of struggling, I enrolled at Pan American University and through grants and loans and working forty hours per week completed my bachelors degreee in June 1980.

In the summer of 1983, I enrolled in the CLEO program at Washburn University. CLEO (The Council on Legal Educational Opportunity) was much like HEP in that it was an intensive, nononsense program for students who really wanted to do well in law schools. We studied day and night, and at the end of six weeks, I was accepted at the University of Houston as a first year law student.

I cannot credit this turn of events totally to HEP, but I can say without HEP, I would not be where I am today. During the past fifteen years, the University of Houston High School Equivalancy Program has assisted over 2,000 students to obtain their G.E.D.; nationally over 22,000 students have graduated from HEP programs since their inception in 1967, and for almost two-thirds of these students, the G.E.D. is not the end of their academic career, but the beginning. A study by Clark, Phipps, Clark and Harris conducted for the Department of Labor in 1980 indicated that sixty-two percent (62%) of HEP graduates reported additional educational experiences beyond the G.E.D.

Last year, 92% of the graduates from the University of Houston HEP completed college application forms and over 68% were accepted into colleges, universities or technical/vocational schools. I believe that this is especially significant in a time when dollars are so carefully overseen.

As a matter of fact, it is interesting to note in this cost conscious world what a cost effective program HEP is. Figures published last year by the United States Census Bureau indicate that a high school graduate can expect to earn approximately $230,000 more in his or her working career than a non-high school graduate. If we figure only a twenty percent tax rate (20%), the 101 G.E.D. graduates of this year's University of Houston HEP will pay 10 times as much in taxes (over and above what they would have paid without a G.E.D.) as it cost to help them obtain their G.E.D. And, this does not include the additional taxable income derived from those HEP graduates who complete college. (See Table) HEP is, indeed, an extremely cost-effective program.

I know that great strides have been made in migrant education during the past 10 years, but 78% of migrant students still do not complete high school. I believe strongly in the HEP concept. I believe:

1. That the High School Equivalency Program and its sister program, The College Assistance Migrant Program be extended through Fiscal Year 1990
2. That funding for HEP (and CAMP—College Assistance Migrant Program) should be increased
3. That HEP's should continue to be intensive day programs located on college and university campuses
4. That existing programs, programs with proven track records should be given preference in funding opportunities (programs that begin one year and end the next don't really help the migrant)

5. That every effort be made to formally coordinate HEP/CAMP efforts with other migrant programs, while leaving HEP and CAMP as entities separate from other secondary migrant programs

6. That host colleges and universities provide increased technical support, support that would supplement, not supplant current staff

7. That every effort be made to work toward increasing the potential impact of the Council on Legal Educational Opportunity. CLEO has never had more than one million dollars per year and its impact on educationally disadvantaged youth could be tremendously expanded through an increased appropriation

In summary, HEP did change my life. HEP's call themselves "second chance" programs, for me, as for many migrants, this second chance is really the only chance.

TABLE

According to the United States Census Bureau, a man with a high school diploma can expect to earn $260,000 more in his lifetime than a man who does not have a high school diploma and a woman can expect to earn $170,000 more if she has a high school diploma than a woman who does not.

This year, HEP will graduate about 100 students with G.E.D.s; many of these will go on to college, but even figuring that none of them go on to college, these 100 students (assuming 50 male and 50 female) will earn approximately $21,500,000 more in their lifetimes than if they had not completed their G.E.D.s. On this surplus income alone, at a 20% rate, these students will pay $4,300,000 in taxes during their lifetime. This is 10 times what it cost to provide them their G.E.D.

H.E.P. is an extremely cost-effective program.

Lifetime Earnings [1]	Difference		Additional Taxes (for 100 students at 20%)
	Male	Female	
No high school diploma or G.E.D., $601,000(M), $211,000(F)			
High school diploma or G.E.D., $861,000(M), $381,000(F)	$260,000	$170,000	$4,300,000
College degree $1,190,000(M), $523,000(F)	589,000	312,000	9,010,000

[1] Census Bureau predicates their figures on an average 38 year work life for a male and 28 years for a female.

STATEMENT OF DIANA SIFUENTES, FIRST-YEAR LAW STUDENT (FORMER HEP STUDENT), UNIVERSITY OF HOUSTON

Ms. SIFUENTES. Congratulations on your victory.

Mr. SIMON. Thank you.

Ms. SIFUENTES. My name is Diana Sifuentes and I am currently a student at the law school at the University of Houston. You have already heard all of this before, but I am going to tell you again.

I would like to take a few moments this afternoon to tell you about my life as a migrant farmworker and, in particular how the high school equivalency program and the CLEO programs have dramatically changed my life. I grew up in a little town called Weslaco in south Texas but I was born in Robstown. My parents were on their way to pick cotton the day I was born. My mother tells me that I was 2 weeks old when I first went to the cotton fields—so I am very familiar with them.

I am the oldest of seven daughters of Eva and Santos Rivera. Neither of my parents had any formal education and my earliest memories are of working in the fields. Each year in late March or early April, we would leave Weslaco and begin our trip to Michigan, Ohio, and Indiana, and all of those other States. That's where we would go to pick strawberries, cherries, tomatoes, cucumbers, and anything else that was growing.

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One particular farm that we used to go to, I guess we did such a good job that the farmer always invited us back. My parents are still going to that same farm. Each year he would clean and wash down the chicken coop before we arrived and that was our house for 3 or 4 months.

At that time the going rate for picking strawberries was about 25 cents a box. It takes about an hour to fill each box so it was about 25 cents an hour. We were up around 4 o'clock in the morning and we worked until we couldn't see anymore, until it was dark. All of us worked, my six sisters, my mother and my father. Quite honestly, I would like to say that it was fun or that it brought us together or that I learned the value of hard work, but I can't. It was very hard work—tedious and boring and, in many ways, because of the lack of facilities, dehumanizing.

The main thing you do learn is that you never want to do it again, that you will do almost anything else. But working in the fields was the only thing my parents knew how to do. It provided money for us to get by when we got back to Weslaco in October.

There were few migrant educational programs in those days and though people came to the fields in Michigan to try to talk my parents into letting us attend summer school, we were depended upon to help, so school would have to wait. So, as you can imagine, my education suffered.

The area around Weslaco where I grew up is known as the Valley and it has the highest concentration of migrant and seasonal farmworkers of any place in this country. The schools had a dual system—one for migrants and one for nonmigrants. The one for migrants, of course was a lot easier. You could get passed from grade to grade and were not expected to do much because you were going to drop out anyway.

We would get on an average 4 to 5 months of school a year. The teachers, I guess, felt that we weren't going to do much anyway so they would sort of just give us the homework and you know, take it with you when you go up north and try to do it over the summer. It's kind of hard to do when you get up at 4 o'clock in the morning and work for 12 to 14 hours, you don't really have the time or the energy to do any homework. So a lot of it you just didn't learn.

My schooling continued that way until I was 16 when I dropped out of school. I got married so that I would stop working in the field and I know that's a terrible thing to do, but at the time, it was feasible. Less than a year after I got married, my husband was sent to Vietnam and, like many of the other men that were sent to Vietnam, he came back a very different man. We were divorced within a year.

My situation was now worse than before. I was now divorced with a handicapped child and no high school diploma. So, that summer I was back in Michigan picking cherries and it was that time that I ran into this person that took the time to talk to me about the HEP Program and said that if I really hated working in the fields as much as I thought I did, that I should look into it. And I did. I enrolled in the HEP Program.

In October 1971, I went to Houston and I got my GED, I lived on campus with other students. I was given the most intensive basic instruction I had received, but more than that, I was given hope.

Hope that I could succeed, that I could be more than a migrant farmworker.

After I got my GED, I went back to the valley, and even with a diploma it was kind of hard making ends meet and because of my child, my expenses were pretty high. So I decided to go to college. After 5½ years, I finally got out.

I think the experience at HEP, not just helping me get into college or getting me my GED, the fact that the HEP Program was at the University of Houston gave me a feeling of belonging or being able to do what these other people were doing, the ones that were going to the college. I think that is very important.

It took me about 8 weeks to get my GED and for about a month after that I sort of tutored the other kids that were in the program. After I got my B.A. in psychology, I worked for a migrant program placing kids in educational programs. Then last summer, the summer of 1983, I enrolled in the CLEO Program and I did well enough, I guess, because I got accepted to the University of Houston law school and that's where I am now.

I cannot credit the turn of events totally on HEP and CLEO because I think some of it has to do with my determination, but I think that without these programs, I wouldn't be here today.

I would like to tell you a little bit about HEP and all this I learned from the HEP Program. During the past 15 years, the University of Houston High School Equivalency has assisted over 2,000 students to obtain their GED. Nationally, over 22,000 students have graduated from the HEP Program and for almost two-thirds of these students, the GED is not the end of their academic career, it is the beginning.

I understand that a study by Clark Phipps, Clark & Harris conducted for the Department of Labor in 1980, that 62 percent of HEP graduates reported additional educational experiences beyond the GED Last year, 92 percent of the graduates from the HEP Program at Houston completed college applications and over 68 of those were accepted into colleges, universities, and vocational schools.

I believe that that is significant in a time when dollars are so carefully overseen. As a matter of fact, it is interesting to note in the cost-conscious world what a cost-effective program HEP is. Figures published last year by the U.S. Census Bureau indicate that a high school graduate can expect to earn approximately $230,000 more in his or her working career than a non-high school graduate. If we figure only a 20-percent tax rate, the 101 GED graduates of this year's University of Houston HEP will pay 10 times as much in taxes over and above what they would have paid without a GED. This does not include the additional taxable income derived from those HEP graduates who complete college. HEP is indeed an extremely cost-effective program and a worthwhile commitment to this country's most valuable resource, its people.

I know that great strides have been made in migrant education during the past 10 years, but 78 percent of migrants still do not complete high school. I believe strongly in the HEP concept. I believe the High School Equivalency Program and its sister program, the College Assistance Migrant Program should be extended. Funding for HEP and CAMP should be increased. HEP's should contin-

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ue to be intensive day programs located on campuses because of the exposure to the learning experience.

Programs with proven records should be given preference in funding opportunities. Programs that begin one year and end the next year don't really help the migrant. Every effort should be made to formally coordinate HEP-CAMP efforts with other migrant programs while leaving HEP and CAMP as entities separate from other secondary migrant programs.

Host colleges and universities should provide increased technical support, not supplant current staff. Every effort should be made to work toward increasing the potential impact of the Council on Legal Education Opportunity. CLEO has never had more than $1 million per year, and its impact on educationally disadvantaged youth could be tremendously expanded through an increased appropriation.

In summary, I would like to say that without HEP and CLEO it would have been impossible for me to get through my GED and to college. I thank you for your time.

Mr. SIMON. We thank you for your, I think, really great story. The University of Houston should be proud of you and your family should be proud of you.

Shawne Murphy, president of the Coalition of Independent College and University Students. Shawne Murphy comes from a very Irish institution, St. Olaf's College. [Laughter.]

Ms. MURPHY. They say that I am their token Irish individual.

[Prepared statement of Shawne Murphy follows:]

PREPARED STATEMENT OF SHAWNE M. MURPHY, PRESIDENT, THE NATIONAL COALITION OF INDEPENDENT COLLEGE AND UNIVERSITY STUDENTS, WASHINGTON, DC

TESTIMONY

My name is Shawne Murphy and I am a student at St. Olaf College in Northfield, Minnesota. Additionally, I presently serve as President of COPUS, The National Coalition of Independent College and University Students. Thank you for allowing us the time to respond to this Reauthorization Bill. I will do so with some generalities as I have not had sufficient time since the Bill was printed to examine it in depth.

Congressman Simon, we applaud many of your dreams for the Postsecondary Student Aid Programs. Indeed, many of your dreams have been our dreams as well. The total cost of attendance at an independent university has risen by over $2,600 on average since 1980. While we have attempted to meet this rise by working more jobs and borrowing more money, you have recognized our need for increased grant aid to have continued access to Higher Education.

In addition, we cheer the concept of an instituted master calendar for the Department of Education so that students will know when to expect the necessary information and be able to plan accordingly. The elimination of the Guaranteed Student Loan's (GSL) 5% origination fee will finally do away with what was to have been a temporary measure. The inclusion of the family contribution schedule in law is also to be applauded.

We have, however, some major worries concerning general aspects of the Bill. In the Pell Grant area, we agree that all needy students should be automatically "entitled" to Pell Grant assistance. We are deeply concerned, however, that as the costs of the Pell Grant and GSL entitlements increase, Congress will opt to hold the line on Student Aid Funding by restricting appropriations to those campus based programs that make higher priced independent education available to needy students. We think that combining the campus based programs into an institutional block grant may leave them especially vulnerable.

Additionally, as students within the independent sector, we must express our concern with the new 75% of cost Pell Grant provisions. While the $3,000 maximum will increase grant aid to all needy students, the new 75% of cost formula will go a lot farther toward meeting the full cost of attendance for students in the public

sector. We are very concerned, as are the colleges and universities that we attend, that needy students faced with borrowing large sums at unstable rates will choose to attend a less expensive institution. Economic segregation among the sectors of higher education would be a tragedy to all students in all sectors as well as for the whole of society. The 21% deterioration in the value of student aid that we have endured since 1980 has already had an impact on the number of needy students attending independent higher education. The detrimental effects of this change on the quality of campus life as a growth experience have been reported to us by many COPUS affiliates.

Significant shifts by students from the private to the public sector will bring a much larger burden to the states. This is evidenced by statistics from Minnesota, Michigan, and Illinois. In Minnesota, 20,000 state residents attend private colleges. If 50% of those were to shift into the public sector, it would cost the state government approximately $27.5 million represented by the increased tuition subsidies required to educate them in the public sector. Michigan boasts over 54,000 residents at private colleges. At 50% shift from private to public would cost the state $73.5 million. Illinois has an even higher number of state residents in the private sector; 94,000 students representing 25% of the total enrollment at independent colleges. A 50% movement of these students from the private to the public sector would cause a $198.5 million dollar increase in state spending.

One may argue that it is unrealistic to assume that a 50% shift of state residents would occur. However, in Illinois, even if only one-fourth of the residents transferred, that would represent a $99 million state expenditure.

In the development of the 1980 Amendments to the Higher Education Act, the public and private sectors reached a detailed agreement on the percentage of cost issue that acknowledged the significant differences in the cost of attendance in the various sectors. We believe that the sectors should once again have the opportunity to reach an agreement so that all sectors can work toward an equitable bill seeking heightened access and choice for all students entering Higher Education.

In regard to Institutional Block Grants, Mr. Chairman, we applaud your desire to simplify the financial aid programs for students. Yet, we are not sure that by combining two grants, the SEOG and the SSIG, and one loan program, NDSL, into the Block Grant and allowing Financial Aid Administrators to disperse varying amounts of grants and loans to each student, that the programs are made any simpler at the campus level.

While we have not had enough time to evaluate the impact of the Block Grant distribution formulas for the campus based programs we are worried that, by making the formula sensitive to the number of Pell Grants and GSL's dispersed in the preceeding year, campuses will require that their students first take out GSL's before receiving campus based aid. In this way, the schools would protect their campus based allotment for the follwing year. In addition, if there was a significant shift of Pell grant recipients from the independent sector to the public, independent schools would lose that much more campus based assistance.

In addition to Block Grants, we are sorely troubled over the plan to allow GSL's and NDSL's to float under the interest rate for Treasury Bills. Affordable repayment rates for young people entering the job market have been a fundamental part of the education loan programs. Added to our worries that graduates will have to pay more as Treasury Bill rates rise is the serious problem that students will not be able to identify how much debt they are accumulating until they enter repayment. Not only must students have a grasp of their accumulating debt in order to plan their educational and professional futures, they must do so in order to avoid default.

Traditionally, a large number of those students who default on their loans are students who never graduate and/or enter repayment. A new class of defaulter is emerging, however. They are students who have simply accumulated too many debts and are unable to meet their monthly repayments.

With loan rates floating under Treasury Bill rates, a catch-22 situation might develop during periods of poor economy. High interest rates would demand higher payments from graduates as well as restrict their opportunity to obtain jobs that would enable them to meet those payments.

A similar catch-22 would result from the proposed changes in the provisions for loan consolidation. Students whose income did not allow them to meet their monthly payments, up until recently, could consolidate their loans at a 9% interest rate and repay over an extended 20 year period. By raising the rate to 9.5% and restricting the extended period to fifteen years, students who have borrowed the maximum allowable $25,000 over the course of their postsecondary education would pay $261/month rather than $225/month; an increase of 16%.

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In that the legislative authority for consolidating loans has been allowed to expire, we agree that a new consolidation plan must be included in your reauthorization package. We question, however, if the .5% taken away from the special allowance paid to lenders should reappear on the bills of those graduates that require an extended repayment schedule.

The question of increasing student indebtedness is an important issue not only for students but for the nation, as well. The ever increasing debts that students are graduating with is influencing career paths and job choice. The ability of graduates to enter fields in community service, teaching, or the arts is being compromised by their necessity to pursue careers that are more lucrative personally but less enriching nationally. Newly trained doctors and lawyers must consider their payments on five figure debts before deciding where they will practice and who they will serve.

Ideally, COPUS would like to see loan repayment rates become sensitive to the income of the borrower. In this way, graduates can pursue career paths that serve their communities and their nation as well as themselves.

Mr. Chairman, we know that you are committed to a national investment in America's youth that serves the nation overall. Your plans for reauthorization make great strides toward reinvigorating America's investment in its young people. We ask you to take note of our concerns.

Again, thank you for the opportunity to voice these concerns to you this morning.

STATEMENT OF SHAWNE MURPHY, PRESIDENT, COALITION OF INDEPENDENT COLLEGE AND UNIVERSITY STUDENTS, AND SENIOR, ST. OLAF'S COLLEGE

Ms. MURPHY. As the chairman stated, my name is Shawne Murphy and I am presently a student at St. Olaf College. I think in the interest of brevity I am going to stick with my written statement so that we can get through this.

I would like to thank you for allowing us the time to respond to this reauthorization bill. I will do so in a fairly general manner. Considering the amount of time that I had to examine the printed copy of the bill, I would rather not talk about the specifics too much and I think you are probably happy with that.

Congressman Simon, we would like to applaud the dreams that you expound on for the postsecondary aid programs in this bill. Indeed, many of your dreams have been dreams that we as students in the independent sector have had as well.

The total cost of attendance at an independent university has risen by over $2,600 on average since 1980. While we have attempted to meet this rise by working more jobs and borrowing more money, you have recognized our need for increased grant aid to have continued access to higher education and we appreciate that.

In addition, we cheer the concept of an instituted master calendar for the Department of Education so that students will know when to expect the necessary information and to be able to plan accordingly. The elimination of the guaranteed student loan's 5 percent origination fee will finally do away with what was to begin with to be a temporary measure.

The inclusion of the family contribution schedule in law is also to be applauded. We have, however, some major worries concerning general aspects of the bill. In the Pell grant area, we agree that all needy students should be automatically entitled to Pell grant assistance. However, with regard to Congressman Coleman's opening statement this morning, we, too, are concerned that as the cost of Pell grants and GSL entitlements increase, Congress will opt to hold the line on student aid funding by restricting appropriations to other aid programs, including those campus-based programs that

make higher priced, independent education available to needy students.

We think that combining the campus-based programs into an institutional block grant may leave them especially vulnerable.

Additionally, as students in the independent sector, we must express our concern about the 75 percent of cost Pell Grant provisions. While the $3,000 maximum will increase grant aid to all needy students, the new 75 percent of cost formula will go a lot farther toward meeting the full cost of attendance for students in the public sector. We are very concerned, as our the colleges and universities that we attend that needy students faced with borrowing large sums of money at unstable interest rates will choose to attend a less expensive institution. Economic segregation among the sectors of higher education would be a tragedy to all students in all sectors as well as for the whole of society.

The 21-percent deterioration in the value of student aid that we have endured since 1980 has already had an impact on the number of needy students attending independent higher education. The detrimental effects of this change on the quality of campus life as a growth experience have been reported to us by many of our coaffiliates across the country. Significant shifts by students from the private to the public sector will bring a much larger burden to the States. This is evidenced by statistics from Michigan, Minnesota, and Illinois.

In Minnesota, 20,000 State residents attend private colleges. If 50 percent of those were to shift to the public sector, it would cost the State government approximately $27.5 million represented by the increased tuition subsidies required to educate those individuals in the public sector.

Michigan boasts over 54,000 residents in private colleges. A 50-percent shift from the private to the public would cost that State $73.5 million. Illinois has an even higher number of State residents in the private sector, as you probably know, Mr. Chairman—94,000 students representing 25 percent of the total enrollment at independent colleges. A 50-percent movement of these students from the private to the public sector would cost Illinois $198.5 million in State spending. One might argue it is unrealistic to assume that a 50-percent shift of State residents from the private to the public sector might occur.

However, in Illinois, even if only one-fourth of those residents transferred, that would represent a $99 million State expenditure.

In the development of the 1980 amendments of the Higher Education Act, the public and private sectors reached a detailed agreement on the percentage of cost issue that acknowledged the significant differences in the costs of attendance in the various sectors. We believe that the sectors should once again have the opportunity to reach an agreement so that all sectors can work toward an equitable bill seeking access and choice for all students entering higher education.

In regard to institutional block grants, Mr. Chairman, we applaud your desire to simplify the financial aid programs for students. Yet we are not sure that by combining two grants, the SEOG and the SSIG and one loan program, the NDSL, into the block grant and allowing financial aid administrators to disburse

varying amounts of grants and loans to each student, that the programs are made any simpler at the campus level.

Now we have not had enough time to evaluate the impact of the block grant distribution formulas from the campus-based programs. We are worried that by making the formula sensitive to the number of Pell grants and GSL's disbursed in the preceding year, campuses will require that their students first take out GSL's before receiving campus-based aid.

In this way, the schools would protect their campus-based allotment for the following year. In addition, if there is a significant shift of program recipients from the independent sector to the public sector, independent schools would lose that much more campus-based assistance.

In addition to block grants, we join USSA's concern over the plan to allow GSL's and NDSL's to float under the interest rate for Treasury bills. Affordable repayment rate for young people entering the job market has been a fundamental part of the education loan programs. Added to our worries that graduates will have to pay more as Treasury bill rates rise is the serious problem that students will not be able to identify how much debt they are accumulating until they enter repayment. Not only must students have a grasp of their accumulating debt in order to plan their educational and professional futures, they must do so in order to avoid default.

Traditionally, a large number of those students who default on their loans are students who never graduate and/or enter the repayment schedule. A new class of defaulters is emerging, however. They are students who have simply accumulated too many debts and are unable to meet their monthly repayments. With loan rates floating under the Treasury bill rates, a catch-22 situation might develop during periods of a poor economy. High interest rates would demand higher payments from graduates as well as restrict their opportunity to obtain jobs that would enable them to meet those payments.

A similar catch-22 would result from the proposed changes in the provisions for loan consolidation. Students whose income did not allow them to meet their monthly payments up until recently could consolidate their loans in a 9 percent interest rate and repay over an extended 20-year period. By raising the interest rate to 9.5 percent and restricting the extended period to 15 years, students who have borrowed the maximum allowable $25,000 over the course of their postsecondary education would pay $261 a month rather than $225 a month, an increase of over 16 percent. If we take into consideration those students who get married after they graduate from the institutions and those students who may have borrowed the maximum amount, you are talking about a married couple who is going to have a debt of $50,000, which is quite a burden to take on at the beginning of married life, let alone the beginning of a job search.

In that the legislative authority for consolidating loans has been allowed to expire, we agree that a new consolidation plan must be included in your reauthorization package. We question, however, if the 0.5 percent taken away from the special allowance paid to lenders should reappear on the bills of those graduates that require an extended repayment schedule.

The question of increasing student indebtedness is an important issue, not only for students but for the Nation as well. The ever increasing debts that students are graduating with is influencing career paths and job choice.

The ability of graduates to enter fields in community service, teaching, or the arts, is being compromised by their necessity to pursue careers that are more lucrative personally but less enriching nationally.

When we train doctors and lawyers we must consider the repayment of five figure debts, before they decide where they will practice and who they will serve.

Ideally, COPUS would like to see repayment rates become sensitive to the income of the borrower. In this way graduates can pursue career paths that serve their communities and their Nation as well as themselves.

Mr. Chairman, we know that you're committed to a national investment in America's youth that serves the Nation overall. Your plans for reauthorization made great strides toward reinvigorating America's investment in its young people. But we ask you to take note of our concerns. Again, we thank you for this opportunity for expressing them.

Mr. SIMON. We thank you very much for your testimony. My colleague from Missouri has to leave and wants to interrupt the testimony to make a couple of comments.

Mr. COLEMAN. I apologize to our last witness, but I must get back to some people waiting for me in my office. I want to thank all of you for coming, your statements were very good statements. You all have made some very excellent points.

Let me say to the young lady—I'll probably mess up your name—Sifuentes?

Ms. SIFUENTES. That's right.

Mr. COLEMAN. Sifuentes. That those programs that you are talking about, are supported by Democrats and Republicans, they're not a controversial part of this bill, I don't believe, and I think I speak for at least all the Republicans here. [Laughter.]

I think I can speak for all of the Republicans on the committee and I would think most of them who are Members of the House. So, don't think that we do not find these programs helping people. Those programs that have proven that they help people, like yourself, certainly get everybody's support, and I wish you the best of luck because I'm sure you're going to be a crackerjack lawyer.

Ms. Murphy, in your comments you raise some very good points. You mentioned the impact on public education that could occur by the increased number of students going into the public sector because of the Simon bill. Let's don't forget about those of you who are left behind. Your fees will go up considerably because you have certain costs that are fixed and you will have to be picking up that person who has now moved to the State university as well. So the impact that you didn't mention, is implicit, and I think that's another example of what I tried to say this morning, that this bill has got some problems and it has to be cleaned up before there will be widespread support within the community.

I thank all of you for your comments, I do have to go now, Mr. Simon will continue the hearing.

Mr. SIMON. Thank you.

And our final witness, Gary Edelson, who is a second-year medical student at George Washington University.

[Prepared statement of Gary Edelson follows:]

PREPARED STATEMENT OF GARY EDELSON AND THE ASSOCIATION OF AMERICAN MEDICAL COLLEGES, WASHINGTON, DC

Good morning. I greatly appreciate this opportunity to speak about reauthorization of the Higher Education Act (HEA) and the Title IV student financial assistance programs that are of great interest and benefit to medical students. I am here today to represent my own views and those of medical students all over the country. My statements are also in accordance with the position of the Association of American Medical Colleges.

Medical student access to the Title IV programs is justified by the basic realities that, without it, thousands of capable students would be unable to finance the costs of their education, and that it is in the national interest to ensure equality of access to medical education. Title IV aid is crucial to medical students for a number of reasons: medical school tuition and fees are high and getting higher, averaging over $12,000 at private institutions; medical students and their families have traditionally supplied every available dollar to meet the costs of medical education and that is still only rarely sufficient to meet all those costs; and a number of health professions education programs designed to help medical students finance their educations have been severely reduced in the past 3 years and may yet be reduced even further.

The extent to which medical students rely on key Title IV programs—GSL, NDSL, CWS, and PLUS/ALAS—is not always appreciated by those unfamiliar with the financing of medical education, but in 1982-83 these programs accounted for over 45% of all aid disbursed to medical students. The limited numbers and types of scholarships available for medical education forces medical students to rely chiefly on loans, and the GSLP is their chief source of loan money. In 1982-83, 58.3% of all medical students received GSLs. The average GSL was $4,745 and GSL support amounted to 40.5% of all support received by medical students. In many ways, the GSL program serves the same function for medical students that the Pell Grant Program does for needy undergraduates—that is, it gives them a base upon which they can build to meet the total costs of their education. Once students have negotiated GSLs to meet their educational costs, they frequently must, in addition, turn to other sources of loan capital which aren't nearly as attractive; here I speak of loans made under the Health Education Assistance Loan (HEAL) and PLUS/ALAS programs. As medical school tuitions have risen, and other sources of relatively inexpensive loan capital have become scarcer, medical school borrowing under these less attractive programs has increased sharply: from $15.3 million in the 1980-81 school year to $50.4 million in the 1982-83 school year under the HEAL program, and from $2.0 million in the 1981-82 school year to $11.2 million in the 1982-83 school year for the PLUS/ALAS program.

In the process of borrowing so heavily to meet their educational costs, medical students have become saddled with debts of a truly unprecedented degree. These levels of high-interest debt burden will inevitably create a serious preoccupation among young medical school graduates with retiring their debt and could modify the extent to which physicians tradionally engage in pro bono activities. These large debts will also discourage them from practicing in health manpower shortage areas. Moreover, expected incomes of physicians will surely be tempered by their increasing number in this country. In the final analysis, this set of circumstances could have serious consequences for the successful recruiting of the most talented individuals into medical schools.

I personally appreciate the utility of the GSL program because I have taken out the maximum GSL available to graduate and professional students for the past two years. Yet, the availability of these loans has hardly enabled me to avoid relying substantially on other, less attractive, loans for financing my education. Last year I took out a HEAL loan at a 12¾% interest rate, and this year I received a PLUS/ALAS loan for $3,000 at 12%.

Medical students are gratified that your legislation proposes to increase GSL loan limits for professional students to $7,000. These increases, however, still leave the GSL yearly maximum at barely more than one-third of the total costs of education at private medical schools. Since the alternative for students at these schools generally is one of relying on much less attractive loans, I respectfully submit that a

mechanism be developed to link GSL yearly and cumulative limits to 1983-84 tuition and fees at the medical schools. The AAMC is currently working to effect such increases in GSL limits through the regulatory process. The change I have mentioned could easily be accomplished by requiring the Secretary to use the authority in Sections 432(b)(4) and (c)(3) of your legislation for tuition and fees exceeding certain levels. Further information on this subject will, with your permission, be submitted for the hearing record.

Medical students also will benefit greatly from being eligible in their first year of study for the Pell Grant Program, as envisioned in H.R. 5240. This would help to keep M.D. debt loads at more reasonable levels. The concept behind graduate inclusion in the Pell Grant program is quite sound, and hopefully will provide greater impetus for currently under-represented minority and disadvantaged students to pursue careers in medical education.

Medical students would also benefit from becoming eligible for the Campus-Based block grant program. They borrowed a total of $14.9 million under the NDSL program in the 1982-83 school year, and their ability to avoid higher debt burdens will certainly be aided by eligibility for new grant funds. Again, I have personally benefited from the NDSL program, having received $5,500 in NDSL loans as an undergraduate at Brandeis and having taken out $2,800 more in loans under this program for the current school year.

A concomitant of the heavy reliance by students on loans to finance medical education is the need to structure repayment plans which are congruent with the earning patterns of M.D.s. A few points need to be stressed. The first is that medical students are graduating with ever-increasing amounts of debt. The mean debt for the graduating senior with debt was $23,914 in 1983, an increase of 18.9% from the previous year. Furthermore, the number of students with educational debts of $30,000 or more increased by 44.4% from the previous year, to a total of 13.5%. I myself have accumulated a total of $37,200 in educational debt, and I'm just completing the second year of my medical studies. What I need and what other students in similar circumstanced need are repayment terms that match our earning patterns. Until the residency period is completed, M.D.s do not earn a great deal of money—a 3rd year resident, 7 years out of college and pushing 30 years of age receives, on the average, a salary of $21,378 a year; a 6th year resident receives an average of $24,739. But even when minimum length residency is chosen, with repayment of debt assumed not to begin until it is completed, the initial average debt burden for an M.D. is unacceptably high unless repayment adjustments are made. A study mandated by the National Commission on Student Financial Assistance has shown that with a salary of $38,100, typically received by individual physicians who have ended their residencies and are starting in practice, repayment of the average medical student debt over 10 years will initially consume about 21 percent of that individuals's discretionary income. This is a substantially higher percentage than the 15% debt burden which is generally considered to be the maximum acceptable level of educational debt. However, the thousands of individuals who will still be in residency when they must start repayment will face much harsher repayment prospects. Loan consolidation with an extended repayment option would thus be highly desirable for medical school graduates.

The terms of consolidation as described in your legislation may be insufficient to meet the needs of medical school graduates. I am especially concerned about the limiting of the maximum repayment period to 15 years. I have already borrowed a total of $31,300 under the NDSL, GSL, PLUS and HEAL Programs (the latter loans are currently included in Sallie Mae's consolidation authority under Title VII of the Public Health Service Act) and could well need a 20 year repayment period if I enter the family practice career I am now contemplating. Many medical students will find themselves in similar circumstances.

There are, of course, many other programmatic details which I could address today, but in the interests of time I will not touch on them. I hope, however, that my basic message has been clear: that the Title IV student aid programs meet an essential need in medical education, and that it is difficult to imagine a variegated student population without them. I thank you for allowing me to appear before you and I am happy to answer any questions that you may have.

STATEMENT OF GARY EDELSON, SECOND-YEAR MEDICAL STUDENT, GEORGE WASHINGTON UNIVERSITY

Mr. EDELSON. My name is Gary Edelson and, as you mentioned, I am a second-year medical student at the George Washington

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School of Medicine and Health Sciences. I greatly appreciate this opportunity to speak about reauthorization of the Higher Education Act and the title IV student financial assistance programs that are of great interest and benefit to medical students.

I am here today to represent my own views and those of medical students all over the country. My statements also are in accordance with the position of the Association of American Medical Colleges. In the interest of time I will read selected portions of my statement only.

Medical student access to the title IV programs is justified by the basic realities that without it thousands of capable students would be unable to finance the costs of their education and that it is in the national interest to ensure equality of access to medical education.

Title IV aid is crucial to medical students for a number of reasons. No. 1, medical school tuition and fees are high and are getting higher, averaging over $12,000 per year at private institutions.

No. 2, medical students and their families have traditionally supplied every available dollar to meet the costs of medical education and that is still only rarely sufficient to meet all of those costs.

No. 3, a number of health professions education programs designed to help medical students finance their educations have been severely reduced in the past 3 years, and may yet be reduced even further.

The extent to which medical students rely on key title IV programs, GSL, NDSL, college work-study and PLUS/ALAS is not always appreciated by those unfamiliar with the financing of medical education. But in 1982-83 these programs accounted for over 45 percent of all aid disbursed to medical students.

The limited numbers and types of scholarships available for medical education, forces medical students to rely chiefly on loans in the GSLP as their chief source of loan money.

In 1982-83, 58.3 percent of all medical students received GSL's. The average GSL was $4,745 and GSL support amounted to 40.5 percent of all support received by medical students.

In many ways, the GSL Program serves the same function for medical students that the Pell Grant Program does for needy undergraduates. That is, it gives them a base upon which they can build to meet the total costs of their education. Once students have negotiated GSL's to meet their educational costs, they frequently must, in addition, turn to other sources of loan capital which aren't nearly as attractive. Here I speak of loans made under the health education assistance loan, HEAL, and PLUS/ALAS programs.

In the process of borrowing so heavily to meet their educational costs, medical students have become saddled with debts of a truly unprecedented degree. These levels of high interst debt burden will inevitably create a serious preoccupation among young medical students, medical school graduates, with retiring their debt, and could modify the extent to which physicians traditionally engage in pro bono activities.

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Moreover, expected incomes of physicians will surely be tempered by their increasing number in this country. In the final anal-

ysis, this set of circumstances could have serious consequences for the successful recruiting of the most talented individuals into medical schools.

Medical students are gratified that your legislation proposes to increase GSL loan limits for professional students to $7,000. These increases, however, still leave the GSL yearly maximum at barely more than one-third of the total costs of education at private medical schools. Since the alternative for students at these schools generally is one of relying on much less attractive loans, I respectfully submit that a mechanism be developed to link GSL yearly and cumulative limits to 1983–84 tuition and fees at the medical schools.

The AAMC is currently working to effect such increases in GSL limits through the regulatory process. The change I have mentioned could easily be accomplished by requiring the Secretary to use the authority in sections 432 (b)4 and (c)3 of your legislation for tuition and fees exceeding certain levels.

Further information on this subject will, with your permission, Mr. Chairman, be submitted for the hearing record.

Medical students also will benefit greatly from being eligible in their first year of study for the Pell Grant Program, as envisioned in House Resolution 5240. This will help to keep M.D. debt loads at more reasonable levels. The concept behind graduate inclusion in the Pell Grant Program is quite sound and, hopefully, will provide greater impetus for currently underrepresented minority and disadvantaged students to pursue careers in medical education.

Medical students would also benefit from becoming eligible for the campus-based block grant program. They borrowed a total of $14.9 million under the NDSL program in the 1982–83 school year, and their ability to avoid higher debt burdens will certainly be aided by eligibility for new grant funds.

I have personally benefited from the NDSL program, having received $5,500 in NDSL loans as an undergraduate at Brandeis University and having taken out $2,800 more in scarce NDSL loan funds under this program for the current school year.

A concomitant of the heavy reliance by students on loans to finance medical education is the need to restructure repayment plans which are congruent with the earning patterns of M.D.'s. A few points need to be stressed.

The first is that the medical students are graduating with ever-increasing amounts of debt. The mean debt for the graduating senior with debt was $23,914 in 1983, an increase of 18.9 percent from the previous year. Furthermore, the number of students with educational debts of $30,000 or more increased by 44.4 percent from the previous year, to a total of 13.5 percent.

I myself have accumulated a total of $37,200 in educational debt, and I'm just completing the second year of my medical studies.

What I need and what other students in similar circumstances need are repayment terms that match our earning patterns. Until the residency period is completed, M.D.'s do not earn a great deal of money. A third-year resident, 7 years out of college, and pushing 30 years of age, receives on the average, a salary of $21,378 a year. A sixth-year resident receives an average of $24,739.

Loan consolidation with an extended repayment option would thus be highly desirable for medical school graduates.

The terms of consolidation, as described in your legislation, Mr. Chairman, may be insufficient to meet the needs of medical school graduates. I am especially concerned about the limiting of the maximum repayment period to 15 years. I have already borrowed a total of $31,300 under the NDSL, GSL, PLUS and HEAL programs. The latter loans are currently included in Sallie Mae's consolidation authority under title VII of the Public Health Service Act, and could well need a 20-year repayment plan if I enter the family practice career I am now contemplating.

Many medical students will find themselves in similar circumstances. There are, of course, many other programmatic details which I could address today. But in the interest of time I will not touch on them. I hope, however, that my basic message has been clear, that the title IV student aid programs meet an essential need in medical education, and that it is difficult to imagine a variegated student population without them.

I thank you for allowing me to appear before you and I am happy to answer any questions that you may have.

Mr. SIMON. We thank you very much.

On the loan matter, and obviously what we're trying to do in this bill is to shift a little away from that heavy indebtedness that you're talking about that, frankly, frightens a great many students. And I'm thinking out loud, without having explored this, whether this is a realistic possibility at all.

What if we were to say on repayment that you cannot be expected to repay more than 15 percent of your income? Would that be helpful or is that not very meaningful?

Mr. EDELSON. I think as far as AAMC is concerned, for medical students, it would be a very good idea. Anything that would limit, or take into consideration the amount owed versus the amount of income, would be helpful.

Mr. SIMON. All right.

Mr. MOORE. I guess, Mr. Chairman, I would be concerned with whether or not that would call for a minimum to be paid, and I would also be concerned on how long that debt would be spaced out, over the years, if a student is to go on and not gain a high income job, whether or not it would take a severe long time for that debt to be paid back.

Mr. SIMON. Well, presumably that would extend some loans beyond the 15-year period.

Mr. MOORE. Right.

Mr. SIMON. But make it a little easier to repay that. So you don't feel that you're just overwhelmed by that debt. My concern is, frankly, not only the repayment but what it does in skewing, and you referred to this in your testimony, what it does in skewing where you respond to need in our society. If you graduate from medical school and you have a choice of serving an inner city neighborhood that is desperately needing physicians, or you have a choice of going to McLean, where your income is going to be much greater, if you have that huge debt, even though your inclination may be to serve the area that needs the help the most, your economic circumstance may force you to go not where society needs you, but where you can repay that debt. And the same thing happens to teachers and to people in every other profession.

Anyway, we're just in the formative stages in all of this and I—any suggestions you may have, any modifications, we would welcome.

Ms. Murphy, I would be interested in anything you or others from the independent sector might suggest in the way of a formula for the block grant, that would obviously—one of the things that I want to—I shouldn't say "obviously," but one of the things I want to move away from is the economic segregation that has already become a pattern in the United States in the last 3 years. We are moving in the wrong direction then. We're trying to move away from it. I don't want the block grant provisions to accelerate that, and as you look at this bill, if you and your friends can come up with any modifications that will—can ensure that we don't move in that direction, I would welcome that.

Ms. MURPHY. If you might answer a question for me, I think we'll have a place to go from. Our concern is why you feel there's a necessity for the block grant in the first place. With the NDSL and the SEOG and the SSIG, those programs seem to be working fine as separate and distinct programs, and our concern is what is the motivation for putting them into a block grant.

Mr. SIMON. The motivation is really twofold, a twofold motivation. No. 1, simplification. And second, and a greater concern, is flexibility. We get complaints from schools that, "Why, we have an NDSL program, an SEOG, an SSIG, and the various programs. Here we come along with John Jones or James Smith, who doesn't fit into these comfortable categories." And so we're trying to design a program where no one will fall through the cracks, where the campus, St. Olaf's College, can have the flexibility to make sure they continue to have token Irish students there at St. Olaf's College, along with all those Norwegians up there.

That's basically the idea.

Ms. MURPHY. I guess our concern, to take it from there, is that it will not simplify things for the students, being that the student is put in a position, in some instances, where they need to cut their own deals, for example, with the financial aid office. They need to go down there and negotiate the NDSL's, the SEOG's, the SSIG's, more so than they do now, because there are stricter guidelines.

I will take your offer to see if we can come up with some way of working that block grant so that we encompass both those areas.

Mr. SIMON. Well, we would be very eager to work with you. I don't see that that would make any—what we are proposing, would make any difference. But we can, on ~~that~~ part of it, we would be eager to work with you on that.

Diana Sifuentes, all I can say is your testimony is helpful, once again. I was pleased to hear my colleague say that they were going to continue to support this program. But your being here reinforces, and you just personally illustrate how that—how and why that program is extremely important. And we appreciate your being here.

I would like to enter into the record the document that Gregory Moore referred to. I have just seen it for the first time and glanced through it and it looks excellent and we will enter it into the record at the end of the testimony. The one aspect that you touch on in your testimony that we have not really discussed in going

over all the details of an extremely complicated bill, is the insurance premium.

What suggestions do you have, or let me—maybe that's an unfair question to toss at you so quickly. Let me just suggest to you that if you and the other representatives of the student associations can come to us with some suggestions, and suggestions that still serve the purpose that the insurance premium does, but not load us up, we are concerned about the cost factor in the bill. I would be very interested—if you care to comment on it, but if you do not care to, we would be very interested in your suggestions.

Mr. MOORE. We are going to take that back and do more research on it. But in our hurriedness to get all of the information in the testimony, we thought we would at least mention it and then follow up with additional information later.

Mr. SIMON. Great.

Mr. Kogovsek.

Mr. KOGOVSEK. I have no questions, Mr. Chairman.

Mr. SIMON. We thank you very, very much.

Oh, I'm sorry, Mr. Penny. And I hate to say it to Pat Brown, I thought that was Pat Brown sitting the other side of you, wherever—I apologize either to my colleague from Minnesota or Pat Brown, either one.

Mr. PENNY. That's all right. I just have a couple of questions.

Mr. SIMON. The gentleman from Minnesota.

Mr. PENNY. I don't particularly care who answers these questions. Any of you or all of you may want to jump in and answer these two questions. We focused—you focused in your testimony and the discussion so far has focused on the reauthorization bill. But I'm curious to have someone in this group respond to the President's suggestion of beefing up significantly the work-study budget and using that as an alternative, financial aid approach.

Mr. MURPHY. Let me jump in here. He's my Congressman.

I think the problem that we have with work-study, I don't know of any individual in the independent sector or probably in the public sector either that isn't willing to work to help put themselves through school. The problem that we encounter is trying to find a balance between work and study. We have found that some students, if they need to work both on campus, with work-study jobs, and off campus, in town, or doing other things, that it takes away from the time they spend studying, and their first priority shifts from that concentration on education to paying for the education, and it defeats the whole purpose of being there.

Some data that we got from the National Institute of Independent Colleges and Universities stated that in 1979 an average of 31.1 percent of a student's budget was covered by self help. This figure increased to 41.4 percent by 1981, representing an increase of over $1,000 per student, which is quite a large amount of money for the student to pick up through self help and work. So, that would be my response to your question.

Mr. EDELSON. If I could just address that issue.

Mr. PENNY. Yes.

Mr. EDELSON. As far as medical students go, college work-study is just not a viable means of income. Well, it is a viable means of income but it isn't a viable possibility because of the time commit-

ment for medical school. It's just not feasible to work and get through medical school at the same time.

Mr. PENNY. Go ahead.

Mr. MOORE. I just wanted to comment on a couple of things. One is that we are encouraged by the fact that there will be expanded employment opportunity and more funding of the work-study program. However, a lot of the students who do tend to be funded by the work-study programs in the public sector are students who may have to go through extra courses of developmental courses, in math or English, or other areas where they will have to require extra study and time, and the additional burden of work-study will put that extra amount of time into the student's schedule that will be taken away from study, and so again the students that tend to be more dependent on work-study will also be more dependent on the need to take extra courses, and that would make it a lot more difficult to get out of school quicker.

Mr. PENNY. Ms. Sifuentes.

Ms. SIFUENTES. As you might know, law school is difficult and, you know, 15 hours a week that you work you don't get very much money but you lose a lot of very valuable time that you could be devoting to learning what you're supposed to be there for.

Mr. PENNY. My next question has to do with the income-sensitive repayment schedule for loans. I notice an endorsement of that approach in Shawne Murphy's testimony, and I haven't had a chance to review all the other testimony as yet, but maybe some of the others of you have endorsed that as a long-term objective as well. Could you be more specific as to what approach or what outline we should follow in developing an income-sensitive repayment schedule?

Ms. MURPHY. I guess I'll start again.

One of the programs that we're aware of that has an income sensitive repayment schedule is at Northwestern University in Illinois. From my understanding, which I admit is vague, what they do after 10 years or after a certain period of time is analyze the income of the individuals that are on that repayment and figure out what their salary is, what sort of debt they can incur, what sort of position they hold, whether it be a doctor or a lawyer in the business community, or in a service organization or teaching, whereas we all know, the incomes are very low.

I think that sort of idea needs to be taken into account here. I'm not exactly sure how easy it would be to do on the federal level, and I can understand that, but I think if we maybe leave some of that negotiations or analysis to State and Federal agencies, as opposed to just national agencies, we may be able to take in that income sensitive repayment a little more easily.

It also takes some of the stress off for some of those individuals who feel that teaching is what they want to do or service is what they want to do, as opposed to being in the business environment. They would rather serve other individuals than make a lot of money, and would like to be able to make that choice, and take that career path instead.

Mr. EDELSON. As far as AAMC is concerned, I think that I know that we could accept something like that as long as it took into account the HEAL program, the Health Education Assistance Loans,

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which is T-bill plus 3½ percent. If it could be better than that program, you know, it would be a good idea.

Mr. PENNY. Some congressmen have suggested that we use the IRS as a means of determining what amount an individual is able to repay on their loan over the years. Do you find that at all attractive?

Mr. MOORE. I think that one of the good parts about the Cleveland Scholarship Program was that the Cleveland Scholarship Program did provide a lender of last resort. They did provide the mechanism for low-income students to turn to the lenders of last resort or was able to arrange loans to be given out to students who had no credit rating or poor credit ratings.

And one of the things that was good about it was that there was a hesitancy on the part of many low income parents and students who we counseled in the Cleveland Scholarship Program, to take out loans at all, for fear of having to go in debt. So, having an agency that's not directly tied in with the Government, I think, was something that was a little bit more appreciated by people who were first generation college students, who weren't used to dealing with having to pay large amounts back in any type of loan, and the Cleveland Scholarship Program, which provided counseling and services, did provide an opportunity for that loan to be set up through a third party, and so I think that having the IRS take a larger role in that collection area probably would not be good for first generation college students or for low-income people.

Mr. PENNY. In a sense what the proposal, the proposal that's been made, would make the IRS the collection agency.

Mr. MOORE. Right.

Mr. PENNY. And then they would transfer to the appropriate or to the general fund, the repayment on those loans.

Your preference, clearly, through your testimony, is that we leave that decision to be made by some agency, some individual other than the IRS?

Mr. MOORE. Yes. I think the colleges do a pretty good job of collecting that money themselves. I think students would have a greater allegiance to paying back loans through their university than they would through the IRS.

Mr. PENNY. Nobody else wants to jump in?

Ms. MURPHY. I don't know if I necessarily agree wholeheartedly with Greg in regard to who a student is going to be more likely to pay back. I think what we found, at times, is that some colleges just don't have the ability or the expertise to track down students once they leave institutions, and students may not receive the information they're supposed to be getting if they're repaying through the institution.

I don't know that the IRS is the place to do it either. I wouldn't have an answer to that. Except that I know that it's a very busy and I guess stressed sort of organization and maybe we might not want to throw another burden onto their shoulders. But I'm not exactly sure where we would put it. I just don't have the expertise to make that sort of judgment.

Mr. PENNY. Well, there is a lot of interest in Congress in trying to make these payment schedules income sensitive. It goes a step farther than our consolidation efforts in making it easier for stu-

dents to pay off their loans, and the only question is just how do we go about designing an income sensitive repayment program, and I appreciate the comments you've all shared with me on that topic.

Mr. MOORE. I have one thing on that. That is that I think there's not enough concentration on counseling for students after the financial aid process is over, where the explanation for repayment of the loan is actually given priority by financial aid administrators. So, I think if there was more contact with the student, right before graduation, [illegible] the payment schedule, that would help out a lot.

Mr. PENNY. Thank you. I have no further questions, Mr. Chairman.

Mr. SIMON. If I could just comment briefly on my colleague's suggestions and questions. One of the problems we get into is if we move toward IRS collection of student loans, we get into committee jurisdiction problems. I think it is very unlikely Ways and Means is ever going to approve IRS collecting for us. I think that's the practical reality. Even if, in theory, it's desirable.

On the College Work-Study, if I can just add my comments, if I can join the student rank here for just a moment, my first year of college I worked 35 hours a week, and it sounds great to say you worked your way through college. I didn't get much out of that first year of college. That may be very apparent to everyone here.

But I really think we can overdo this business of encouraging students to work. I think the comment you made, Diana, of the problems of going to law school and also trying to work are important. I think it's great if a student can do both and wants to do both. But I don't think we ought to make that a requisite in order to get through college.

We thank all of you very, very much.

Ms. MURPHY. Could I make one final statement?

Mr. SIMON. You get the last word.

Ms. MURPHY. Not intentionally. My very knowledgeable staff member informed me in regard to the insurance premium, the National Commission on Student Financial Aid made a statement that they did not see that the insurance premium was necessary. I don't have the specifics on that but we'd be more than happy to submit that for the record, for your information.

Mr. SIMON. We thank you all very much.

The hearing stands adjourned.

[Whereupon, at 3:36 p.m., March 27, 1984, the subcommittee recessed, subject to the call of the Chair.]

[Material submitted for inclusion in the record follows:]

U.S. CONGRESS,
CONGRESSIONAL BUDGET OFFICE,
Washington, DC, March 12, 1984.

Memorandum to: John Dean, House Committee on Education and Labor.
From: Maureen McLaughlin.
Subject: Administration's Fiscal Year 1985 Proposal for the Grant and Campus-Based Student Aid Programs.

This memorandum responds to your request for an analysis of the Administration's fiscal year 1985 proposed changes in the grant and campus-based student aid programs. The Administration's proposal intends to increase the role of students and their families in paying the costs of education, expand opportunities for low-income students to attend more expensive schools, and target aid more to the lowest income students. To do this, the Administration has submitted a 1985 proposal that is quite similar to their 1984 proposed changes.

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Because our estimated funding levels for the Pell Self-help Grant proposal are higher than the Administration's estimates and because the possible methods of reducing costs to the requested budget level would affect students differently, it is difficult to determine the total effects of the Administration's grant and campus-based proposal. For these reasons, the memorandum includes the following three parts. The first section describes the Administration's 1985 budget request and the general effects of these funding levels. The second part analyzes how the Administration's Pell Self-help Grant proposal, if fully funded, would affect program costs and grant recipients. The third section discusses the effects of various methods of reducing Pell Grant costs to the requested level of funding.

These estimates have not been reviewed by the Director of the Congressional Budget Office and therefore do not represent official CBO estimates.

SUMMARY

The Administration is requesting $3.65 billion for the grant and campus-based programs in 1985, 8 percent below 1984 appropriations and 14 percent less when adjusting for inflation. The Administration's proposal would modify the Pell Grant program; would eliminate Supplemental Educational Opportunity Grants (SEOGs), State Student Incentive Grants (SSIGs), and federal capital contributions for National Direct Student Loans (NDSLs); and would increase funding for College Work-Study (CW-S). Because these programs are forward-funded, the changes would not affect students until the 1985–1986 school year.

These proposals would affect funding for grants, campus-based loans, and work-study differently. Compared to 1984 appropriations, the proposal would decrease funding for grant programs by 14 percent, reduce funding for campus-based loans by almost 100 percent, and would increase appropriations for College Work-Study by 53 percent. Total campus-based aid—SEOGs, NDSLs, and CW-S—would decline by 23 percent.

These proposals would reduce the variance in federal aid received by similar students because a greater proportion of funding would be determined by federal formula and less by schools' financial aid officers. This change would, however, reduce the discretion of campus student-aid officials in dealing with special circumstances not reflected in the federal formula.

Our estimates indicate that fully-funding the proposed Pell Self-help Grant formula would cost $3.7 billion in 1985, or 30 percent above the Adminstration's request. The Administration, on the other hand, feels that the requested $2.8 billion can fund fully the proposed formula. Because our estimate is substantially above the Administration's estimate and because we don't know how the Administration would choose to reduce costs to the requested funding level, it is difficult to determine the overall effects of the proposal on different types of students.[1]

If the proposal were fully funded, whether particular students would gain or lose would depend principally on their educational costs, their family incomes, and the types of aid they are now receiving. Holding other factors constant, students at high-cost institutions would generally gain under the Administration's proposal, whereas only the lowest income students at low- and medium-cost schools would receive larger awards. Moreover, students now receiving aid from both Pell Grants and SEOGs, SSIGs or NDSLs, or students now getting aid only through the programs proposed for elimination, would generally be adversely affected compared to those now receiving only Pell Grants. As a result, some students, but not all, would pay a larger share of educational costs under this proposal.

If the proposal were not fully funded, however, it could affect students differently depending on how awards were changed. For example, the linear reduction method included in the law would maintain proposed awards for students with the lowest expected family contributions—more than one-half of current recipients—and would substantially reduce or eliminate awards for the remaining students. This method would increase the proportion of aid received by the lowest income students compared to fully funding the Administration's proposal. On the other hand, another method—subtracting the same dollar amount from all awards—would reduce grants for all students, but awards for the most needy students would decline by the smallest percentage. Or, the proposed Pell Grant formula could be changed—for example, reducing the maximum award—to lower costs. The first rule has not yet been used;[2]

[1] Our estimates are based on specifications of the proposal that were provided by Education Department personnel. If the proposal varies from these descriptions, the effects could also differ.

[2] Although the current reduction formula has not been used to reduce awards, a similar formula that was specified in previous law was used in 1982.

the second was used in fiscal years 1980 and 1981, and the maximum award was reduced in several years.

OVERVIEW OF THE ADMINISTRATION'S 1985 BUDGET REQUEST

The Administration would alter the current Pell Grant program formula[3] and would eliminate Supplemental Educational Opportunity Grants (SEOGs), State Student Incentive Grants (SSIGs), and federal capital contributions for National Direct Student Loans (NDSLs). At the same time the Administration would increase funding for College Work-Study (CW-S).[4] These changes would begin to affect student aid in the 1985–1986 school year because the programs are forward funded.

The Administration's 1985 budget request would reduce appropriations for the grant and campus-based programs by 8 percent compared to 1984 levels and would change the distribution among grants, campus-based loans and work-study aid (see Table 1). The requested funding would be 14 percent below the Congressional Budget Office 1985 current baseline, which estimates the amount of funds necessary to continue the 1984 appropriations in real terms in 1985.

TABLE 1.—BUDGET AUTHORITY FOR THE GRANT AND CAMPUS-BASED STUDENT AID PROGRAMS FOR FISCAL YEARS 1984 AND 1985

[In millions of dollars]

	1984 appropriations	1985 current baseline[1]	1985 administration request	Percent change: 1985 request from 1984 appropriations	Percent change: 1985 request from 1985 current baseline
Pell self-help grants[2]	$2,800	$2,974	$2,800		$−6
Supplemental educational opportunity grants	375	398		−100	−100
State student incentive grants	76	81		−100	−100
National direct student loans	181	192	$4	−98	−98
College work-study	555	589	850	+53	+44
Total	3,987	4,234	3,654	−8	−14
Grant programs[3]	3,251	3,453	2,800	−14	−19
Campus-based programs[4]	1,111	1,179	854	−23	−28

[1] Estimates the amount of funds necessary to continue the 1984 level of appropriations in real terms in 1985.
[2] The Administration's proposal refers to the Pell Grant proposal as Pell Self-help Grants.
[3] Includes Pell Grants, Supplemental Educational Opportunity Grants, and State Student Incentive Grants. Funding levels for the grant and campus-based programs do not add to the total because Supplemental Educational Opportunity Grants are included in both groups.
[4] Includes Supplemental Educational Opportunity Grants, National Direct Student Loans, and College Work-Study. Funding levels for the grant and campus-based programs do not add to the total because Supplemental Educational Opportunity Grants are included in both groups.

The Administration's proposal would reduce funding for federal grant programs—Pell Grants, SEOGs, and SSIGs—by 14 percent between fiscal years 1984 and 1985 and by 19 percent after adjusting for inflation (see Table 1). Federal capital contributions for the campus-based loan program, NDSLs, would be eliminated, but schools could continue to provide loans using repayments from previous NDSLs. College Work-Study would increase by 53 percent, or 44 percent after adjusting for inflation. Total funding for the campus-based programs—SEOGs, NDSLs, and CW-S—would decline by 23 percent between 1984 and 1985.

In addition to reducing the amounts of student aid available, the Administration's requested funding levels would reduce the variance in aid received by similar students because a greater proportion of funding would be determined by federal formula and less by schools themselves. This shift would reduce the discretion of campus student aid officials in dealing with special circumstances not reflected in the Pell Grant formula. In addition, all campus-based aid would be provided through the Work-Study program whereas current campus-based aid is distributed through three programs, SEOGs, NDSLs, and CW-S.

[3] The Administration's proposal refers to Pell Grants and Pell Self-help Grants because their proposal includes a self-help requirement in addition to the expected family contribution.
[4] The Administration is also proposing to change the Guaranteed Student Loan (GSL) program by instituting needs analysis for all students and by altering the financial agreements between the federal government and state guarantee agencies. This memorandum does not discuss these changes, however.

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Because appropriations for Pell Grants would remain the same in nominal dollars, the amount of aid determined by federal formula would be the same in 1985 as in 1984 (see Table 1). In addition, since total funding would decline, Pell Grants would represent a larger proportion of appropriated funds in 1985. In the Pell Grant program a student is eligible to receive a particular amount of aid that depends on his family income and school costs; schools do not have any flexibility in determining the level of Pell Grants available for their students.

The amount of federal aid available for schools to allocate would decline by about one-quarter because federal assistance for the campus-based student aid programs would decline by 23 percent between fiscal years 1984 and 1985 and by 28 percent compared to the CBO current baseline estimates (see Table 1). In the campus-based programs, the federal government provides funds to the institutions who determine, within federal guidelines, which students get aid. The Administration's proposed budget levels would affect the current types of campus-based aid differently, however, by eliminating SEOGs and all new federal capital contributions for NDSLs, and by increasing CW-S funding.

ADMINISTRATION'S PROPOSED CHANGES IN THE PELL GRANT PROGRAM

This section analyzes the effects of the Administration's Pell Grant proposal if it were fully funded. Because the Administration's proposal significantly changes the Pell Grant formula and because our estimates vary substantially from the Education Department's numbers, most of the analysis focuses on comparing the current Pell Grant program with the proposed changes. The discussion of the overall effects—including all grant and campus-based programs—is short since it depends very much on how the Administration would change the proposal to reduce costs.

DESCRIPTION OF THE ADMINISTRATION'S PELL GRANT PROPOSAL

The Administration's proposal includes four main changes in the existing Pell Grant formula.[5] The following description is based on conversations with personnel at the Education Department because the Administration has not yet submitted their complete student aid proposal to the Congress. If the Administration's proposal varies from this description, the effects could also differ.

First, the proposal would increase the maximum award from $1,900 to $3,000 in order to expand opportunities for low-income students to attend more expensive schools.

Second, the Administration's proposal to change the current definition of schools costs would create more uniformity in allowable costs for students who do not live with their parents. Costs would equal tuition and fees plus a living allowance—$3,000 for students living on campus or off campus without their parents and $1,500 for students living with their parents. Current allowable costs include tuition and fees for all students and living costs also vary according to students' living arrangements. For a student living on campus, non-tuition costs equal room, and board, plus $400; a student living off campus without his parents is given a $2,000 allowance; and a student living at home with his parents has an allowance of $1,500.

Third, the Administration would target more aid to the lowest income students by increasing the portion of income that families of dependent students are expected to contribute to school costs—income assessment rates. The proposal would raise the assessment rates from 11, 13, 18, and 25 percent on each $5,000 increment of discretionary income to 18, 20, 25, and 30 percent.

Fourth, in order to increase student's self-help requirements, the proposal would change the current rules for determining the award level to the lowest of the following three calculations: (1) maximum award minus expected family contribution (EFC); (2) school cost minus EFC minus (the greater of $500 or 40 percent of cost); and (3) $1,000 minus EFC plus 25 percent of costs. Under the current Pell Grant program, a student's award is determined by choosing the lowest of the following three calculations: (1) maximum award minus expected family contribution (EFC); (2) one-half of school costs; and (3) school costs minus EFC.

EFFECTS OF THE ADMINISTRATION'S PELL GRANT PROPOSAL

The Administration's proposed Pell Grant changes, if fully funded, would cost an estimated $3.7 billion, or 30 percent more than both the Administration's requested funding level and the expected cost of the current program in 1985—$2.8 billion (see

[5] This memorandum analyzes the overall effects of the Administration's proposal. As you requested, another memorandum will examine the effects of each proposed change.

Table 2). Compared to the existing program, this proposal would increase the number of students receiving awards slightly, 4 percent, but would raise average awards by almost 30 percent, from $1,100 in the current program to $1,400.

TABLE 2.—ESTIMATED EFFECTS OF ADMINISTRATION'S 1985 PELL GRANT PROPOSAL ON TOTAL COST, NUMBER OF RECIPIENTS, AND AVERAGE AWARD [1]

	Total cost (in billions of dollars)	Number of recipients (in millions)	Average award (in dollars)
Current program [2]	2.8	2.5	1,100
Administration's proposal [3]	3.7	2.6	1,400

[1] Estimates assume that all grants calculated according to the award formulas would be funded without any reductions. Numbers may not multiply due to rounding.
[2] Refers to the estimated cost of the current Pell Grant program adjusting the income offsets for inflation but not altering other parts of the existing formula, such as the maximum award. The current baseline, on the other hand, estimates the real value of the 1984 appropriation in 1985.
[3] See text for a description of the proposed changes.

The effects of the Administration's proposal on particular students would depend on students' school costs, their family incomes, and the types of federal aid they are now receiving. Analyzing example students highlights these effects (see Table 3).

Holding other factors constant, students attending high-cost schools would gain more under the Administration's proposal than students at lower schools. For example, a student in a four-person family with income of $10,000 would receive $1,100 more if he attends a high-cost school and $210 more if he enrolls in a low-cost school (see Table 3). As a result, the proportion of aid going to students at private schools would increase slightly.

TABLE 3.—EFFECTS OF ADMINISTRATION'S 1985 PELL GRANT PROPOSAL ON EXAMPLE STUDENTS

[In dollars] [1]

Type of current grant aid and family income	Type of school					
	Low-cost [2]		Medium-cost [2]		High-cost [2]	
	Current award	Proposed minus current	Current award [3]	Proposed minus current	Current award [3]	Proposed minus current
Students currently receiving Pell grants:						
$10,000	$1,050	+$210	$1,900	+$150	$1,900	+$1,100
$15,000	1,050	−690	1,350	−200	1,350	+750
$20,000	700	−700	700	−700	700	+400
Students currently receiving Pell grants and supplemental educational opportunity grants: [4]						
$10,000	1,450	−190	2,400	−350	2,600	+400
$15,000	1,450	−1,090	1,850	−700	2,050	+50
$20,000	1,100	−1,100	1,200	−1,200	1,400	−300

[1] Calculations assume dependent students who are members of families of four. (Dependent students represent 50 percent of all recipients.) Estimates assume that all grants would be fully funded.
[2] These figures approximate expected average costs, respectively, for students attending two-year public schools living at [illegible] students who live on campus at four-year public schools, and students who live on campus at four-year private schools.
[3] Represents the grant that a student would receive in the current program with a $1,900 maximum award.
[4] Currently about 20 percent of students who receive Pell Grants also get Supplemental Educational Opportunity Grants [illegible] Most students who get SEOGs, however, also receive Pell Grants. Estimates assume that a student receives the average SEOG for the particular type of school.

The lowest income students would generally gain more or lose less than other students at similar schools. For example, at a low-cost school, a student with a family income of $10,000 would receive $210 more whereas a student with a family income of $20,000 would get $700 less than in the existing Pell Grant program (see Table 3). The resulting income distribution would be similar to the current program, however, because some students with higher incomes at high-cost schools who had not previously received Pell Grants would get awards under the Administration's proposal.

Because of the proposed greater uniformity of treatment, students who now receive aid through Pell Grants and through one of the programs scheduled for elimination, for example SEOGs, would be adversely affected compared to students receiving only Pell Grants. For example, a student with a family income of $10,000 at a medium-cost school would receive an additional $150 if he were now getting only a

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Pell Grant, but would lose $350 if he were now receiving aid from both Pell Grants and SEOGs (see Table 3). In addition, students who currently receive aid only through SEOGs, SSIGs, or NDSLs would generally receive less under the Administration's proposal.

As a result of these changes, some students and their families would be required to contribute more to their educational costs because they would receive less federal aid under this proposal. On the other hand, those students who would receive more federal aid under the Administration's proposal would thus contribute less.

REDUCING PELL GRANTS TO THE REQUESTED FUNDING LEVEL

If appropriated levels of funding are not sufficient to fully fund all Pell Grants, as determined by the award rules, the law requires that students' grants be reduced so that expected program costs equal available funds. Or, the program rules—for example, the maximum award—could be changed so that total costs would be lower.

In the past, several methods of reduction have been used. Until 1983, the law provided a particular reduction formula that maintained grants for students with the lowest expected family contributions and reduced other grants by greater proportions for larger expected family contributions. If these reductions were insufficient, the law stated that all grants would be reduced by the same proportion (the percentage by which costs exceeded funding). The first part of this formula was used in 1982. In 1980 and 1981, however, the Congress superceded this provision and required that all awards be reduced by a fixed dollar amount, $80 and $50 respectively. In many years, the Congress has changed the formula so that program costs would be lower.

These methods of reduction affect students differently. The first method—the scheduled reduction formula—protects the lowest-income students entirely and then reduces other awards in a progressive manner. The constant percentage reduction, however, reduces awards for the lowest-income students by larger amounts than for other students. The flat dollar reduction represents a smaller percentage reduction in the larger grants of the most needy students, but decreases grants for all students.

Beginning in 1983, the scheduled reduction formula discussed above has been changed. The new rule would protect grants for students with the lowest expected family contributions and would reduce all other grants in a linear and progressive manner. This rule has not yet been used and the Congress could, as in other years, choose to change the reduction method or the program rules.

If the linear reduction rule now included in the law were applied to the Administration's proposal, approximately 1.5 million students who would receive $2.6 billion of funding would have their grants maintained at the level provided by the new formula. The remaining 1 million students who would receive $1.1 billion if the proposal were fully funded, would have their awards eliminated or reduced substantially because only $200 million of funding would be available for them. Using this reduction formula would increase the proportion of funds for the lowest income students—at least 85 percent of Pell Grant funds would go to students with family incomes below $10,000.

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HEARINGS ON THE REAUTHORIZATION OF THE HIGHER EDUCATION ACT

WEDNESDAY, MARCH 28, 1984

House of Representatives,
Committee on Education and Labor,
Subcommittee on Postsecondary Education,
Washington, DC.

The subcommittee met, pursuant to call, at 9:50 a.m., in room 2257, Rayburn House Office Building, Hon. Paul Simon (chairman of the subcommittee) presiding.

Members present: Representatives Simon, Owens, Penny, Coleman, Gunderson and Packard (ex officio).

Staff present: William A. Blakey, counsel; Laurie Westley, assistant counsel; Marsha Wice, legislative assistant; John E. Dean, Republican assistant counsel; and Rose DiNapoli, Republican legislative associate.

Mr. Simon. The subcommittee will come to order.

This morning the Subcommittee on Postsecondary Education continues its hearings on reauthorization of the Higher Education Act. We are taking a slightly different approach today—we will hear from business people and leaders in various sectors of State government, including State agencies created to serve the interests of higher education.

It has become increasingly important over the past decade that higher education focus its attention on meeting the needs of the business and corporate community. Not only must students be trained to meet the personnel needs of business and government, but higher education and those in the public and private sectors have a great deal to learn from each other. This interaction will contribute to economic growth and a better America.

The importance of a strong Federal-State relationship in higher education cannot be overemphasized. From the funding of our great land-grant colleges in 1862, the relationship has grown and matured.

[Opening statement of Congressman Paul Simon follows:]

Opening Statement of Hon. Paul Simon, a Representative in Congress From the State of Illinois and Chairman, Subcommittee on Postsecondary Education, March 28, 1984, Morning

This morning the Subcommittee on Postsecondary Education continues its hearings on reauthorization of the Higer Education Act. We are taking a slightly different approach today—we will hear from businessmen and leaders in various sectors

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of state government, inluding state agencies created to serve the interests of higher education.

I believe that it has become increasingly important, over the past decade, that higher education focus its attention on meeting the needs of the business and corporate community. Not only must students be trained to meet the personnel needs of business and government, but higher education and those in the public and private sectors have a great deal to learn from each other. This interaction will contribute to economic growth and a better America.

The importance of a strong Federal-State relationship in higher educations cannot be emphasized enough. From the funding of our great land-grant colleges in 1862 the relationship has grown and matured.

I want to welcome our first witness this morning, Walter Bruning, President, Computer Systems, Co., The Control Data Corporation. He will be followed by a panel which includes two very good friends of mine and of higher education—State Representative Wilhelmina Delco, Chair of the Higher Education Committee in the Texas Legislature and Joseph Cronin, President of the Massachusetts Higher Education Assistance Corporation and NCHELP.

I hope that our witnesses this morning can add a different perspective to the views we will hear from those most closely associated with higher education.

Mr. SIMON. Our first witness this morning is Walter Bruning, the president of Computer Services Co., which, as I understand it, is a branch of the Control Data Corp.; is that correct?

Mr. BRUNING. Yes, sir.

Mr. SIMON. We are very pleased to have you with us.

STATEMENT OF WALTER BRUNING, PRESIDENT, COMPUTER SERVICES CO., THE CONTROL DATA CORP.

Mr. BRUNING. Thank you, Mr. Chairman.

Mr. Chairman and members of the subcommittee, my name is Walter Bruning and I am president of the Computer Services Co. of the Control Data Corp., a worldwide computer and financial services company based in Minneapolis. For nearly 20 years, Control Data has been a leader in the field of computer-based education and training with our Plato computer system.

Although I am now in the corporate sector today, I am no stranger to postsecondary education. I have had 12 years of experience in higher education as vice president for administration at the University of Minnesota and as a professor at the University of Nebraska. While I am responsible for other business areas in my current position at Control Data, I am also responsible for its education and training programs, including the Control Data Institutes, a network of more than 40 centers which provide training and retraining in computer skills.

I am, therefore, familiar with traditional higher education, as well as proprietary institutions in the vocational sector. So I welcome this opportunity to discuss with you the role of the business community in strengthening postsecondary education and in exploring more effective ways to enhance that role through the reauthorization of the Higher Education Act of 1965.

I would like to emphasize the need for partnerships and increased cooperation among business, educational institutions, and Government to respond to the challenge of accelerating technological change.

I would like to focus on two critical issues: First, the training and retraining of a broader segment of the population in scientific, technical, engineering and other technological skills; and second,

the need for expanding and upgrading faculty, curricula, and equipment to keep pace with the rate of technological change.

Through an array of programs at the National Science Foundation, Department of Defense and Department of Energy, business, education, and Government are already cooperating on research and development projects. But, except for the community colleges and postsecondary vocational education institutions' involvement with training under JTPA and the new vocational education proposals, most colleges and universities are not cooperating with business in teaching and training.

Business invests billions of dollars annually for education and training of its employees. Usually individual companies do the training. There are just too few instances of cooperative training and retraining efforts between business and postsecondary educational institutions.

Before elaborating on possible new partnerships between business, education, and Government, I would like to underscore the importance of title IV student assistance programs which are indeed the centerpiece of this legislation. I might add parenthetically that I am personally aware of the importance of student financial assistance as a means for expanding opportunities because, without Government loans, I would not have been able to complete my own education and I probably wouldn't be here this morning with this opportunity to testify in support of the bill.

Student aid programs are a critical part of the current structure of postsecondary education. Our experience with the Control Data Institutes shows the impact that Federal student aid programs have on the patterns of postsecondary enrollments. For example, there are over 65,000 alumni of Control Data Institutes in the United States, and approximately 70 percent of those alumni received Government loans or grants. About 75 percent of the current Control Data Institutes students receive Federal or State assistance. Without such aid, these students would have been unable to continue their education. As you well know, the 1972 Education Amendments helped to support our Control Data Institute students when the legislation expanded eligibility to students attending vocational institutions.

During the course of these hearings, you will receive testimony from a number of individuals more knowledgeable than I about the current student aid system and the need for adjustments. From my own perspective, I would like to emphasize the growing need for retraining and the inability of the current title IV provisions to meet this need. Because of the speed of technological change, many people will have to be retrained three or four times during the course of their working lives. As a result, the nature of our educational system is likely to change over the next several decades.

One of the major functions of the Control Data Institutes is retraining. About 25 percent of our current students are college graduates, and about 50 percent have substantial college training. Their previous educational experience just did not lead to suitable employment opportunity.

The current student aid programs, however, are not geared to the needs of many of those who require retraining, as I have already said. Most individuals who are now employed will not qualify

for aid on the basis of financial need. It may be that the student aid structure simply cannot and should not—particularly in these times of fiscal restraint—accommodate these retraining needs. Perhaps a different system of aid should be instituted to serve older individuals.

I personally favor one promising proposal, the special training account similar to the existing individual retirement accounts. I realize this is a tax proposal that does not fall under this committee's jurisdiction. Nevertheless, I think that, with some modifications, it is worthy of consideration. Under such a plan, employees could voluntarily set aside a portion of their earnings tax-free that would be matched by their employer. The funds set aside could be used to finance training costs should the individual be displaced or desire to change professions. Unused portions of the employee contributions would be returned to them at the time of retirement.

Individuals who need retraining will be found not only in traditional industries, which have already been addressed in some measure through JTPA and the vocational education legislation, but also will include engineers and others in technology-intensive industries who find themselves unable to keep pace with changing job requirements. In fact, one of Control Data's most acute needs is the retraining of engineers, especially those who are out of school 3 to 7 years.

Universities would seem the most likely suppliers of highly skilled retraining. But as a general rule, universities do not perform the retraining function especially well. Therefore, I suggest that this committee consider cooperative efforts in retraining, and it may be best to develop this form of cooperative arrangement off-campus.

Specifically, I recommend the creation and funding of several regional consortia of business, universities and labor. These consortia would develop innovative educational technology programs to provide training and retraining to workers onsite or at special facilities established for this purpose. This could begin as one or more demonstration projects newly authorized in the law, or under the auspices of the Fund for the Improvement of Postsecondary Education.

I would especially like to applaud the chairman's bill, which would provide financial assistance to States that develop educational programs to assist in the rehabilitation of criminal offenders. For many years, Control Data has operated training programs in prisons using our PLATO Fairbreak Program. In fact, we have such programs at 24 prison sites in the United States today, including a Control Data Institute inside the Federal prison in Leavenworth, KS. Just recently, we formed a corrections services division to offer management services for establishing and operating comprehensive education, training, and job creation opportunities in prisons.

I believe, also, that the cooperative education concept is worthwhile and should be encouraged. Individuals who participate in cooperative programs generally require less Government assistance because of what they are able to earn in their jobs. This form of pay-as-you-go education and training is effective because it decreases the total cost to the Government while introducing stu-

dents to the work environment. I would suggest, however, that the legislation be amended to permit co-op students in technical fields to receive some of their training, as well as their work experience, in participating businesses.

Higher educational institutions are having great difficulty finding and hiring faculty in high-demand areas such as computer science, electrical engineering, material science and systems engineering. Moreover, many of the graduate students in these areas are foreign nationals. For example, in 1980–81, over one-third of Ph.D.'s and over one-fourth of the master's degrees granted in engineering went to foreign nationals.

In addition—and my own industry has to bear part of the blame for this—many Americans studying in high-demand fields go to work directly in industry once they receive their B.S. degrees. This trend must be reversed or our advanced graduate degree programs will be nothing more than a means for transferring technology and human capital to foreign countries, and the U.S. economy will surely suffer.

At Control Data, we have tried to address the problem of inadequate faculty by developing curricula that rely extensively on the use of advanced learning technologies. For example, we are participating in a consortium of six engineering schools to develop a lower division engineering curriculum that utilizes our PLATO computer-based education system. A complete freshman and sophomore curriculum is planned, consisting of mathematics, chemistry, physics, and computer science, plus additional liberal arts courses—all told, about 64 credit hours. Much of it will be available by yearend. Colleges are able to combine classroom instruction and PLATO instruction as they wish, and to deliver instruction at remote locations, even at home.

Another use of advanced learning technologies which Control Data has pioneered to make up for faculty shortages is the concept of engineering centers, in which business helps colleges and universities provide engineering curricula. There is just not enough time this morning to expand on that topic.

The use of advanced technologies, however, is not a substitute for good faculty. Efforts need to be undertaken to increase the number and quality of faculty that are available to teach in high-demand fields. To accomplish this goal, I would like to urge the committee to consider authorizing a new program as part of title IX that would provide scholarships and/or loan forgiveness for students enrolling in scientific or engineering schools at the graduate level.

I realize that the notion of scholarships targeted for use in specific fields of study is somewhat out of favor. But the idea really has not been discredited in my mind. Allocating assistance for specific needs worked well in the early years of the National Defense Education Act, and similar measures may be needed to meet future challenges.

If such legislation were developed, I would favor targeting this aid on minority or disadvantaged individuals. Our faculty resources in the sciences are limited, as I have already said, but they are particularly weak in minority representation. This discrepancy could be resolved by a new program patterned perhaps after the existing

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assistance for training in the legal profession, the so-called CLEO program.

The introduction of new technology in postsecondary education is agonizingly slow and lags far behind the pace of change that is occurring in business and industry. Right now, businesses, especially those involved in high technology, are on a 2- to 4-year innovation cycle, and this cycle is shortening. Students who are leaving school, however, are taught on decade-old gear and have little exposure to new tools.

At Control Data, we have tried to take a number of steps to address this very real problem.

For example, we have invested substantially in the Micro-Electronics and Information Sciences Center at the University of Minnesota and in the Semi-Conductor Research Corporation at Research Triangle in North Carolina. Both of these investments are designed to modernize and upgrade the education of undergraduates and graduate students in electrical and electronic engineering, materials science and computer science.

Second, we have also committed ourselves to the concept of supercomputer institutes throughout the United States to teach undergraduates and graduate students how to use the next generation of scientific and engineering computing machines. Programs along this line have already been proposed in Minnesota, Georgia, and Texas.

Faculty shortages and obsolete equipment are especially severe problems at institutions with large minority enrollments. These schools do not have the resources to offer their students a sustained scientific and engineering program that will prepare them for today's increasingly technological job market.

It is my impression that the University of Minnesota, for example, is probably 10 years behind where it should be in terms of providing its students with sufficient scientific and technological resources in some engineering areas. If that is the situation of the University of Minnesota, where does that leave the institutions without the types of resources and corporate support that Minnesota enjoys?

At Control Data, we recognize this problem and are trying to help. Recently we entered into an agreement with the National Science Foundation to provide Tuskegee Institute with a mainframe computer and PLATO equipment and instructional materials. Unlike many other donation plans, we extend royalties to participating institutions which develop new courseware which could be marketed by Control Data.

Let me suggest that the reauthorization of title III might try to encourage this kind of shared resource approach for minority schools, as is suggested in the chairman's bill.

Mr. Chairman, that concludes the formal part of my testimony. Let me emphasize again the urgent need for forming parterships and fostering cooperation among educational institutions, business, labor and Government to realize the enormous potential of advanced technology in postsecondary education.

I thank you for the opportunity to be here this morning, and I would be happy to answer any questions.

[Prepared statement of Walter Bruning follows:]

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PREPARED STATEMENT OF DR. WALTER H. BRUNING, PRESIDENT, COMPUTER SERVICES CO., CONTROL DATA CORP.

SUMMARY

Business, postsecondary educational institutions, and government should form partnerships to respond to the challenge of accelerating technological change. The partnership concept, which is integral to most research and development efforts, should be emulated in postsecondary education for the purposes of:

The training and retraining of a broader segment of the population in scientific, technical, engineering, and other technological skills;

The expansion and upgrading of faculty, curricula, and equipment to keep pace with shortening innovation cycles.

Legislation should encourage the creation of regional consortia of business, universities, and labor to develop innovative educational technology that would provide training and retraining to workers on-site or at special facilities, either as a demonstration project or under the auspices of FIPSE.

Innovative retraining programs should also be supported for prisoners at penal institutions as proposed in Title I of the Chairman's bill.

The legislation should also encourage the development of curricula that utilize advanced learning technologies to overcome faculty shortages in high demand fields such as engineering and computer science.

The use of advanced learning technologies, however, is not a substitute for good faculty. A new program could be authorized as part of Title IX to provide fellowships and/or loan forgiveness for U.S. students enrolling in scientific or engineering schools at the graduate level, particularly minority or disadvantaged students who are so underrepresented in these areas.

Title III of the legislation should provide incentives to business to share resources—faculty, curricula, and equipment—with postsecondary educational institutions, as suggested in the proposed legislation.

Mr. Chairman and Members of the Subcommittee: My name is Walter Bruning and I am the President of the Computer Services Company of the Control Data Corporation, a worldwide computer and financial services company based in Minneapolis. For nearly twenty years, Control Data has been a leader in the field of computer-based education and training with our PLATO system.

Although I am now in the corporate sector, I am no stranger to postsecondary education. I have twelve years of experience in higher education as Vice President for Administration at the University of Minnesota and a a professor at the University of Nebraska. In my current position, I am responsible for Control Data's education and training programs, including the Control Data Institutes, a network of more than 40 centers which provide training and retraining in computer skills.

I am therefore familiar with traditional higher education as well as proprietary institutions in the vocational sector. I welcome this opportunity to discuss with you the role of the business community in strengthening postsecondary education and in exploring more effective ways to enhance that role through the reauthorization of the Higher Education Act of 1965.

I want to emphasize the need for partnerships and increased cooperation among business, educational institutions and government to respond to the challenge of accelerating technological change. I would like to focus on two critical issues:

The need for training and retraining of a broader segment of the population in scientific, technical, engineering and other technological skills;

The need for expanding and upgrading faculty, curricula, and equipment to keep pace with the rate of technological change.

Through an array of programs at the National Science Foundation, Department of Defense and Department of Energy, business, education, and government are already cooperating on research and development projects. But except for the community colleges and postsecondary voc-ed institutions' involvement with training under JTPA and the new vocational education proposals, most colleges and universities are not cooperating with business in teaching and training.

Business invests billions of dollars annually for education and training of its employees. Usually individual companies do the training. There are just too few instances of cooperative training and retraining efforts between business and postsecondary educational institutions.

STUDENT FINANCIAL ASSISTANCE

Before elaborating on possible new partnerships between business, education, and government I want to underscore the importance of the Title IV student assistance

programs which are indeed the centerpiece of this legislation. (I might add that I am personally aware of the importance of student financial assistance as a means for expanding opportunities, since, without government loans, I would not have been able to complete my own education.)

Student aid programs are a critical part of the current CDI structure of postsecondary education. Our experience with the Control Data Institutes shows the impact that federal student aid programs have on the patterns of postsecondary enrollments. There are over 65,000 alumni of Control Data Institutes, and approximately 70 percent received government loans and grants. About 75 percent of current students receive federal or state assistance. Without such aid, these students would have been unable to continue their education. As you well know, the 1972 Education Amendments helped to support our Control Data Institute students when the legislation expanded eligibility to students attending vocational institutions.

During the course of these hearings you will receive testimony from a number of individuals more knowledgeable than I about the current student aid system and the need for adjustments. From my own perspective, I'd like to emphasize the growing need for retraining and the inability of the current Title IV provisions to meet this need. Because of the speed of technological change, many people will have to be retrained three or four times during the course of their working lives. As a result, the nature of our educational system is likely to change over the next several decades.

One of the major functions of the Control Data Institutes is retraining. About 25 percent of our current students are college graduates and about 50 percent have substantial college training. Their previous educational experience just didn't lead to suitable employment.

The current student aid programs, however, are not geared to the needs of many of those who require retraining. Most individuals who are now employed will not qualify for aid on the basis of financial need. It may be that the student aid structure simply cannot and should not (particularly in these times of fiscal restraint) accommodate these retraining needs. Perhaps a different system of aid should be instituted to serve older individuals. One promising proposal is a special training account similar to the existing Individual Retirement Accounts. I realize this is a tax proposal that does not fall under this committee's jurisdiction. Nevertheless, I think with some modifications it is worthy of consideration. Under such a plan, employees could voluntarily set aside a portion of their earnings tax-free that would be matched by their employer. The funds set aside could be used to finance training costs should the individuals be displaced or desire to change professions. Unused portions of employee contributions would be returned to them at the time of retirement.

REGIONAL CONSORTIA TO DELIVER RETRAINING

Individuals who need retraining will be found not only in traditional industries (which have already been addressed in some measure through JTPA and the Vocational Education legislation) but also will include engineers and others in technology-intensive industries who find themselves unable to keep pace with changing job requirements. In fact, one of Control Data's most acute needs is the retraining of engineers.

Universities would seem the most likely suppliers of highly skilled retraining. But as a general rule, universities do not perform the retraining function especially well. Therefore, I suggest that this committee consider cooperative efforts in retraining, and it may be best to develop this form of cooperative arrangement off-campus.

Specifically, I recommend the creation and funding of several regional consortia of business, universities and labor. These consortia would develop innovative educational technology to provide training and retraining to workers on-site or at special facilities established for this purpose. This could begin as one or more demonstration projects newly authorized in the law, or under the auspices of the Fund for the Improvement of Postsecondary Education (FIPSE).

TRAINING FOR PRISONERS

I would like to applaud the Chairman's bill, which would provide financial assistance to states that develop educational programs to assist in the rehabilitation of criminal offenders. For many years, Control Data has operated training programs in prison using our PLATO Fairbreak program. In fact, we have such programs at 24 prison sites in the U.S., including a Control Data Institute at the federal prison in Leavenworth, Kansas. Just recently, we formed a Corrections Services Division to

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offer management services for establishing and operating comprehensive education, training and job creation in prisons.

COOPERATIVE EDUCATION

I believe that the cooperative education concept is worthwhile and should be encouraged. Individuals who participate in cooperative programs generally require less government assistance because of what they are able to earn in their jobs. This form of "pay as you go" education and training is effective because it decreases the total cost to the government while introducing students to the work environment. I would suggest, however, that the legislation be amended to permit coop students in technical fields to receive some of their training as well as their work experience in participating businesses.

SCIENTIFIC AND ENGINEERING FACULTY AND CURRICULA

Higher educational institutions are having great difficulty finding and hiring faculty in high-demand areas such as computer science, electrical engineering, material science, and systems engineering. Moreover, many of the graduate students in these areas are foreign nationals. For example, in 1980–81, over one third of PhD's and over one fourth of the Master's Degrees granted in engineering went to foreign nationals.

In addition—and my own industry has to bear part of the blame for this—many Americans studying in high-demand fields go to work directly in industry once they receive their BS degrees. This trend must be reversed or our advanced graduate degree programs will be nothing more than a means for transferring technology and human capital to foreign countries, and the U.S. economy will surely suffer.

At Control Data we have tried to address the problem of inadequate faculty by developing curricula that rely extensively on the use of advanced learning technologies. For example, we are participating in a consortium of six engineering schools to develop a lower division engineering curiculum that utilizes our PLATO computer-based education system. A complete freshman and sophomore curriculum is planned, consisting of mathematics, chemistry, physics and computer science, plus additional liberal arts courses—about 64 credit hours in all. Much of it will be available by year end. Colleges are able to combine classroom instruction and PLATO instruction as they wish and to deliver instruction at remote locations, even at home.

Another use of advanced learning technologies which Control Data has pioneered to make up for faculty shortages is the concept of Engineering Centers, in which business helps colleges and universities provide engineering curricula.

But the use of advanced technologies is not a substitute for good faculty. Efforts need to be undertaken to increase the number and quality of faculty that are available to teach in high-demand fields. To accomplish this goal, I'd like to urge the Committee to consider authorizing a new program as part of Title IX that would provide scholarships and/or loan forgiveness for students enrolling in scientific or engineering schools at the graduate level.

I realize that the notion of scholarships targeted for use in specific fields of study is somewhat out of favor. But the idea has not been discredited. Allocating assistance for specific needs worked well in the early years of the National Defense Education Act, and similar measures may be needed to meet future challenges.

If such legislation were developed, I would favor targeting this aid on minority or disadvantaged individuals. Our faculty resources in the sciences are limited, as I have already discussed, but they are particularly weak in minority representation. (For example, I'm told that of the 1300 Ph.D's in computer science awarded in 1982, only two were black.) This discrepancy could be resolved by a new program patterned after the existing Assistance for Training in the Legal Profession (CLEO) program.

THE PROVISION OF ADEQUATE EQUIPMENT

The introduction of new technology in postsecondary education is agonizingly slow and lags far behind the pace of change that is occurring in business and industry. Right now, businesses—especially those involved in high technology—are on a two-to-four year innovation cycle and this cycle is shortening. Students who are leaving school, however, are taught on decade-old gear and have little exposure to new tools.

At Control Data we have tried to take a number of steps to address this very real problem.

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We have invested substantially in the Micro-Electronics and Information Sciences Center (MEIS) at the University of Minnesota, and the Semi-Conductor Research Corporation (SRC) at Research Triangle in North Carolina. Both of these investments are designed to modernize and upgrade the education of undergraduate and graduate students in electrical and electronic engineering, materials science, and computer science.

We have also committed ourselves to the concept of supercomputer institutes throughout the United States to teach undergraduates and graduate students how to use the next generation of scientific and engineering computing machines. Programs along this line have already been proposed in Minnesota, Georgia, and Texas.

THE PROBLEM AT MINORITY INSTITUTIONS

Faculty shortages and obsolete equipment are especially severe problems at institutions with large minority enrollments. These schools do not have the resources to offer their students a sustained scientific and engineering program that will prepare them for today's increasingly technological job market.

It is my impression that the University of Minnesota is probably ten years behind where it should be in terms of providing its students with sufficient scientific and technological resources in some engineering areas. If that is the situation of the University of Minnesota, where does that leave the institutions without the types of resources and corporate support that Minnesota enjoys?

At Control Data, we recognize this problem and are trying to help. Recently we entered into an agreement with the National Science Foundation to provide Tuskegee Institute with a mainframe computer and PLATO equipment and instruction materials. Unlike many other donation plans, we extend royalties to participating institutions which develop new courseware which could be marketed by CDC.

Let me suggest that the reauthorization of title III might try to encourage this kind of shared resource approach for minority schools, as is suggested in the Chairman's bill.

Mr. Chairman, that concludes the formal part of my testimony. Let me emphasize again the urgent need for forming partnerships and fostering cooperation among educational institutions, business, labor and government to realize the enormous potential of advanced technology in postsecondary education.

I would be happy to answer any questions.

Mr. SIMON. Thank you, Mr. Bruning.

I have to say, first of all, as a general compliment to your parent corporation that every time I see anything that Control Data does and I meet Control Data personnel, I am just uniformly impressed.

Mr. BRUNING. Thank you.

Mr. SIMON. I really appreciate what you are doing.

I have one small item here. In your testimony, you mentioned there were 65,000 alumni of Control Data Institutes.

Mr. BRUNING. Yes, sir.

Mr. SIMON. How many of those are working?

Mr. BRUNING. I can't give you exact numbers, Mr. Chairman, but a substantial number. I am sure it is in the high 80's to 90 percent in the computer industry today. The placement rates of the Control Data Institutes in the most recent 6 months were in excess of 77 percent of recent graduates, and that trend is increasing now as the economy continues to strengthen.

The effect that those graduates have had on the computer industry is an interesting question, because they work for all companies, every company in the area of computer programming, computer engineering and technology.

Mr. SIMON. I somewhat provenţially look at the State of Illinois, as each of tends to do in our respective areas.

Mr. BRUNING. Yes, sir.

Mr. SIMON. One of the things that I have noted is that the State of Illinois is a great center for higher education, but we have not

used that as a magnet to attract industry to the State of Illinois, with very few exceptions—Argonne and Fermi a little bit.

Mr. BRUNING. Yes, sir.

Mr. SIMON. It occurs to me as I listen to your testimony and read it that, if the universities in the State of Illinois—and I am sure this is applicable in other States—were able to keep on top of things, as far as equipment and retraining—and your point about retraining, I think, is a significant one—that could be a factor in attracting and keeping industry.

Mr. BRUNING. Yes, sir. I can give examples of that, Mr. Chairman.

Throughout the United States—and I think especially the Microelectronics and Computer Technology Consortium, MCC, the location within the State of Texas, was very, very heavily influenced by the University of Texas and its commitment to that cooperative research and development effort in the electronics industry.

Within the State of Illinois right now, Mr. Chairman, Control Data is actively working with an area economic development program, working with State officials, to try to combine the best elements of the higher education system and the State environment to encourage small business formation and job creation within the State. So Control Data has quite an interest in the State of Illinois.

Mr. SIMON. Good.

One final question before I turn it over to my colleagues. You mentioned your work in prisons. One of the realities is we have this massive problem in our country of adult illiteracy, 23 million as the most conservative estimate of functionally illiterate adult Americans. The majority of people in our prisons are functionally illiterate. Have you, with all the creative genius of your company, taken a look at this whole question of—I assume the prison programs you are talking about are more training people to be computer operators and that sort of thing.

Mr. BRUNING. No, sir.

Mr. SIMON. Are you talking about basic education?

Mr. BRUNING. No, sir, Mr. Chairman. Our program is comprehensive and, for over a decade, Control Data has been involved with the question of functional illiteracy among prisoners and recidivism. We believe there are direct correlations between that. If offenders can be taught to read and write and possess the basic skills necessary to do useful work, then they can be taught to do useful work and the recidivism rate should subsequently be reduced considerably.

The programs with PLATO are most often oriented to basic skills, teaching the prisoners to read and write, so that they can then have some kind of vocational training.

We have elevated that to the vocational training level in the Stillwater Prison in the State of Minnesota, at Leavenworth, and at some other institutions. We find a good deal of excitement among State corrections officials about these programs. We detect across America a growing interest by the private sector to become involved to help solve this problem—and the problem must be solved.

So we are very supportive of your section in this bill.

Mr. SIMON. I thank you for that.

Has anyone in your company, or anyone in the American Penology Association—whatever they call themselves—done a study of recidivism and what has happened to the difference between those who have been trained and those who haven't and what happens?

Mr. BRUNING. I don't have such information, but we would be happy to make available to the committee whatever we have.

Mr. SIMON. I would be interested in that.

Mr. BRUNING. I will see that that is sent to you.

Mr. SIMON. I would like it entered in the record. I also would like to personally see it.

Mr. Gunderson.

Mr. GUNDERSON. Thank you very much, Mr. Chairman.

Thank you, Mr. Bruning, for your testimony.

First of all, you talk a lot about the partnerships between business, industry, and Government. What exactly would you suggest for the Federal role as incentives to promote these kinds of partnerships and training?

Mr. BRUNING. Mr. Gunderson, I think that, under the FIPSE section of the legislation, there is authority to go ahead and try some things in terms of building retraining programs.

But it may be better to have some special development projects, as I suggested. What has to happen is the right combination of business and universities have to come together with a common interest, and that common interest is generally regional; a region in trouble, industry changing, and all of those things you read about every day and we see in our economy. And you have to find a group of leaders who want to attack that problem as a regional matter.

I think that the bill could incorporate some funding to try this in two or three locations in the United States, with planning money being the first step, but then the execution being a cooperative venture, regional, State and local moneys, some investment by the business, and the Federal Government helping with some aid to people who are out of work and who need to be retrained.

We can be more specific about that and give you some specific models that might be tried.

I would just offer this comment. In our experience at Control Data in working cooperatively with universities, you really have to desire to get it done. So often the programs you come forward with are not readily discernible as something that universities might get involved with. I can say that having been on both sides of the desk. But we believe it is very important, especially in the high technology areas, to have university faculty and programs involved in such a way that the training is a bit more vocational than universities would normally get involved with.

Mr. GUNDERSON. Are you looking at big dollars or just pilot projects?

Mr. BRUNING. I would hesitate, Mr. Gunderson, to give you a limit at this point, but I think we are talking about several million dollars to try this in several regions.

There are educational technology opportunities to leverage these dollars today using systems like PLATO, our company's system, and there are other computer-based education systems available. You get a good deal more bang for the buck now, if I may—consist-

ency in retraining programs by putting together things with computer-based education.

Mr. GUNDERSON. You indicate on page 4 of your testimony, that, "It may be that the student aid structure simply cannot and should not accommodate these retraining needs. Perhaps a different system of aid should be instituted to serve older individuals."

Mr. BRUNING. Yes, sir.

Mr. GUNDERSON. I think the greatest challenge we face in this reauthorization is coming up with some kind of a means to deal with the nontraditional student, that tests the new area—that is what we need to change.

Mr. BRUNING. Yes, sir.

Mr. GUNDERSON. I am interested in your comments. I would be interested as to why you believe the present structure cannot, and particularly should not, serve these needs?

Mr. BRUNING. Mr. Gunderson, I think the traditionally served student bodies of postsecondary institutions tend to use all the dollars that can be appropriated. I don't think all of the need is being met today. It is very difficult. There are so many students who are in need that another approach may have to be taken. I suggested this notion of a retraining account. There is a lot of debate about that right now across the country.

Some aspects of this do make sense. For example, Control Data is involved with one of the major automobile manufacturers in a training and retraining program. This was made possible because organized labor and the automobile manufacturer agreed that a portion of the contract settlement should, in effect, be set aside for training, because the company and the union both realized that things will change. This has opened up opportunities now to build retraining programs, and that is an alternative method of funding that doesn't come directly from an authorization and appropriation by Congress.

So some discussion and some creative thinking must be done there. The traditional needs are so great, it is just that putting more strain on that is probably going to be difficult.

Mr. GUNDERSON. My concern—I don't disagree with any new initiatives elsewhere, from industry, et cetera—but if we are looking at a change in the population where probably 25 percent of our college population is going to be nontraditional students, to suggest that there ought be no Government role to serve that 25 percent and that ought to all be taken care of by——

Mr. BRUNING. Mr. Gunderson, I am not suggesting that. There should be a role for Government. But I don't think that right now any of us are smart enough to see where that would go, so we ougth to try some things. We need to start some new initiatives.

I am not sure exactly, if my memory serves me right, what we all had in mind when the first Federal program started for student aid way back when, when I was a student. They turned out to be essential to the growth and development of this country and its economic system.

So we are facing that now with retraining. It is upon us. The formula isn't worked out. My only suggestion is that this committee, in coordination with other committees of the Congress, take a hard look at something like a retraining account or some relationship

that might occur with organized labor. Some creative thinking has to occur now. Ten years from now, I think it might be too late.

Mr. GUNDERSON. Thank you, Mr. Chairman.

Mr. SIMON. Mr. Penny.

Mr. PENNY. Thank you, Mr. Chairman.

Dr. Bruning, in following the same line of questioning started by Mr. Gunderson, I would like to learn from you how most of your employees, the nontraditional students, are financing their education? What kind of resources are they turning to?

Mr. BRUNING. Mr. Penny, it is a combination of things. Control Data does assist its employees to take courses in colleges and universities within whatever regions we operate. But that is not really the major program.

The major program is one that we have to run and direct ourselves in terms of retraining the people to move into new areas of the rapidly changing computer business. As I indicated in the testimony, we are finding it somewhat difficult, in the area of engineering especially, for us to do the entire thing. We need help, and we have been somewhat unsuccessful in encouraging higher educational institutions to cooperate with us.

Now, that varies across the country, and there are some notable exceptions, which encourage us to promote the cooperation model.

But the short answer to your question is we basically pay for it ourselves, do it ourselves and, in some cases, the employees themselves do invest in their own future and spend their own time and money.

Mr. PENNY. The Plus Loan Program is one that would be available to nontraditional students. Is that an attractive alternative?

Mr. BRUNING. Mr. Penny, I don't know. I am not that familiar with the program. I couldn't comment.

Mr. PENNY. It carries a higher interest rate than the GSL. It is not a needs-based kind of loan program and requires an immediate repayment schedule.

Mr. BRUNING. I think, Mr. Penny, for those people who are employed, that is a possibility. But retraining in the broadest sense has to include those dislocated workers, and then I think you have a problem there where you need more direct benefit, direct aid, with deferred repayment.

Mr. PENNY. Your comments about a retraining account similar to the IRA, would you envision that being rolled together in the same account, and then the Government authorizing two purposes for those funds: One, retraining, if you need it; but otherwise, it is reserved for your retirement?

Mr. BRUNING. Mr. Penny, there is some discussion about that. I am aware of it. I think the difficulty is many workers don't have individual retirement accounts, so you have a problem connecting the two.

I think the programs might be administered similarly, and may come together at the point of retirement for a worker. That is, any residual in a retraining account might be applied to retirement. But I don't think they could be merged. I haven't thought that through clearly, I admit.

But, again, my suggestion is that the discussion should start now, and those hard questions have to be addressed.

Mr. PENNY. I would like to back up and ask just a little bit about on-the-job training programs.

The Job Training Partnership Act, as you indicated, does a good job of coordinating technical training and on-the-job training between our junior colleges and vocational schools and industry. I know this is a relatively new development, and maybe we haven't had in effect long enough for you to make any careful analysis of how it is working, but what is your idea of how that is going to play out?

Mr. BRUNING. Mr. Penny, I think that is going to succeed. The major difficulty with JTPA right now is the local PIC's understanding the regulations and getting moving with it. We participate in that training market and, indeed, support the legislation. I am optimistic about it. We work closely with community colleges and vocational schools in many regions of the country. So I support that strongly to continue with that.

I think you have to connect, in some cases, basic skills training and training education through high school equivalency with a vocational program, and those schools are the obvious places to connect. I support that.

Mr. PENNY. Lastly, Mr. Bruning, in meeting the equipment needs of our higher education institutions, is there something more we can do to build a partnership with private industry in responding to the needs in that regard?

Mr. BRUNING. Yes, sir, Mr. Penny. Control Data and other companies have had considerable experience with this. Some joint relationship should be more formally defined. Obviously, companies who donate equipment to universities receive some favorable tax treatment on that, but to encourage this interaction, I think there has to be more of a public policy statement by the Congress, in some sense to target what needs to be done.

I realize, as I said in the testimony, that targeting is a difficult concept, because once you start it and you produce what you need, it is hard to turn it off and back up, and you may indeed produce a surplus of people with that kind of training. But, nevertheless, in our economy, there develop shortages which could create long-term problems.

So I, again, would favor some sort of perhaps special projects in the legislation that would bring companies and universities together to encourage the placement of equipment which represents current state-of-the-art knowledge in that industry. One of the more difficult problems is graduates coming to us from today's institutions who have to be basically trained on the job immediately upon hiring for 6 months to a year to become familiar with the techniques industry is involved with. It is a very difficult problem.

Mr. PENNY. Thank you, Mr. Chairman. I have no further questions.

Mr. SIMON. If I could just ask two very, very brief questions.

Mr. BRUNING. Yes, sir.

Mr. SIMON. What does it cost to go to Control Data Institute?

Mr. BRUNING. The program, depending on the course of study, is about $6,000. Now, it takes from 6 to 7 months to go through that program. It is individualized and self-paced, so it varies according to the student.

Mr. SIMON. So the increases we are proposing in the Pell grants and in the GSL would be of assistance?

Mr. BRUNING. Yes, sir. Most of our students cannot finance their education solely with Federal or State assistance; they must find private sources, loans from banks, and what have you.

Mr. SIMON. Then one final question. You deal with the schools of engineering and the various universities. What are you finding on the quality of faculty?

Mr. BRUNING. Mr. Chairman, that is a very difficult situation. We see a deterioration in the engineering schools, by and large, faculty being hired into industry and the salary differentials are very large right now in the high-demand areas. We must do something to train more people so that there is a little better supply.

Major institutions in this country, which you and I would think would be fine institutions, if you look at individual departments, and computer science in particular, they are struggling, really struggling. If there is anything that could be done in this bill to help that situation, it would benefit the whole country.

Mr. SIMON. Dr. Bruning, we really appreciate your being here. You have been an excellent witness here.

Mr. BRUNING. Thank you. I appreciate the opportunity.

Mr. SIMON. Thank you.

Next we will have a panel with Representative Wilhelmina Delco, Dr. Joseph Cronin, Dr. Eleanor McMahon, and Dr. John Corrozzi.

To introduce our first witness, I am going to call on my colleague who is visiting us, Representative J. Pickle, who manages—I must tell you, Representative Delco—he manages to just get by passing his bills. Yesterday, he passed one on the floor of the House 400 to 1 or something?

Mr. PICKLE. It was 410.

Mr. SIMON. It was 410 to 1. So you have a powerhouse introducing you here, Representative Delco.

Mr. PICKLE. Mr. Chairman, you are very kind, and I thank the committee for letting me introduce or present to you one of your first speakers of the panel, and to say to you personally how much we appreciate the leadership you give in the field of postsecondary education, and in the general functioning of the Education and Labor Committee. I think you are as strong a voice on that committee as anybody in all the Congress. We appreciate your leadership.

Wilhelmina Delco is our State representative, and has been in Austin for 10 years. She represents our city of Austin and that district, and she is now chairman of the committee on higher education.

Her husband is dean of Huston-Tillotson College—dean or vice president of both—and, together, they are strong forces in our city and in our State government. I don't know of anybody who is more highly respected than Wilhelmina Delco.

More than that, she is my good friend. I know personally that she has a deep interest in advancing the cause of education. So it gives me particular pleasure to present to you, Mr. Simon, Wilhelmina Delco, our State representative Austin.

I thank you.

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Mr. SIMON. I hate to say this, but the other three of you are not going to get such generous introductions here. [Laughter.]

STATEMENT OF HON. WILHELMINA DELCO, CHAIR, COMMITTEE ON HIGHER EDUCATION, TEXAS HOUSE OF REPRESENTATIVES

Ms. DELCO. But, Mr. Chairman, they are not holding public office. I think that part of that consideration is the fact that Congressman Pickle runs unopposed each time, and it is because of actions like that that he enjoys that status in the Congress.

I say that because I am also running unopposed, so I understand how that works.

Mr. SIMON. That is how he gets his bills through 410 to 1, too.

Ms. DELCO. Exactly.

I am particularly pleased to be represented by Congressman Pickle in the Congress of the United States, because he is concerned with an area that is near and dear to all of us as we approach our older years, and that is the whole dilemma of Social Security, so I am delighted that he is up here.

I would also like to take this opportunity to congratulate you, Congressman Simon. We are going to hate to see you leave the House of Representatives with all of the leadership you have brought us there, but we are fervently hoping that you will carry that strong voice and commitment to the Senate successfully in November.

Mr. SIMON. I share that hope with you.

Ms. DELCO. I would like to thank the subcommittee and you, Congressman Simon, for extending this invitation to me to testify on the reauthorization of the Higher Education Act. I have chosen to speak specifically to the importance of this country's historically black institutions of higher education and the impact of the proposed changes to the act upon them.

But I would like to first comment upon what I view is the most critical problem area that is facing higher education today, problems which I feel are being addressed in a most admirable and comprehensive way by this subcommittee's proposal. The subcommittee, its chairman, and staff are to be commended for their work.

As this year's graduating college seniors struggle to find jobs in a tight market, students entering and returning to campus in the fall will face financial problems of their own, the ever-soaring costs of education, which has to be the most critical problem.

In comparison with recent years, 1982-83 higher education operation appropriations show a shrinking of current dollar increases nationwide. The national rate is down by 4 percent. As a percent of State taxes, higher education appropriations peaked in 1975 and 1976, and have steadily declined since this period.

In the area of tuition and fees, institutions, public and private, because of the soaring costs of education, are now being forced to shift more of the burden of the cost of providing an education to the student. The average increase in fees and tuition is running at 10 percent to 15 percent nationwide among public and private institutions.

The schools most at risk are the smaller, less prominent private colleges, where higher tuition and fees will result in potential stu-

dents turning to the low-cost public schools for their higher education. Especially at risk here are the private historically black institutions, whose students increasingly must depend upon financial aid for their education. Approximately 70 to 95 percent of all the students in historically black colleges are on some kind of financial aid.

According to an economic analysis by the American Association of University Professors, the increases in faculty salaries, measured in current dollars, during the decade of the 1970's left actual faculty salaries nearly 21 percent below the 1970–71 real dollar level of salaries; from 1976–77 to 1981–82, faculty salaries, in real dollars, fell by almost 12 percent.

Recent enrollment data show that part-time students are enrolling in greater numbers than full-time students. Therefore, increasing tuition in fees, ever-increasing educational costs, shrinking State and Federal appropriations in the areas of student entitlement, grants and research, and slowing or static enrollment all contribute to a desperate situation for our colleges and universities, but also to a golden opportunity for action by those responsible for developing and enacting policy, such as your legislation under consideration today.

We are all aware of the current financial plight of most of our institutions of higher education, as well as the projected enrollment drop. For State financing, the National Governors Association last May issued a report which states that State financial reserves for 1983 were below 1 percent, as contrasted with a desired 5 percent, and that, in 1984, most States would be suffering a financial fiscal deficit.

In addition to the problems related to finance and enrollment at our higher education institutions, other areas have been cited as in need of serious attention. For example, competency testing of teachers and education majors have demonstrated that both are, in general, below desirable standards in the basic skills. Buildings on our college and university campuses are deteriorating as a result of the suspension of needed maintenance, renovation of existing facilities and construction of new facilities due to declining revenues and slowing enrollment growth. Equipment in laboratories, classrooms and offices is rapidly becoming obsolete.

I was particularly heartened by the previous testimony with the impact of business being concerned in that.

I was very heartened by the proposals offered in your bill, and I will not go into those in the interest of saving time. But I would like to again emphasize how important I believe all of those provisions are.

I would like to devote the remainder of my time to the historically black colleges and the plight that they face.

Beginning in 1830 all the way through the 1890's, almost 100 institutions of higher education were established to meet the educational demands of black people emerging from slavery in this country. I am proud to be a graduate of one of these institutions, Fisk University in Nashville, TN. And it is a clear demonstration of the plight we face, because it is truly an institution at risk, and your proposals will be of immeasurable value to that institution.

Financial support for colleges that are historically black have been developed over the years, both from private sources and from public sources. Significant in the public source model is the one that was established for developing industrial education by the enactment of Congress of the Morrill Acts in 1862 and 1890.

It must be stated that, even though black colleges benefited from these acts, the driving force behind them was not so much a concern for educating the former slaves as it was a need to increase the country's productivity in agriculture and farm goods and to educate a basically agrarian population as the country expanded westward. In order to meet this need, some State legislatures, such as Texas in 1876, provided for a constitutional branch university for colored youths. Thus, for whatever reasons, black colleges have been, through the Phelps-Stokes Fund, the Peabody Fund, the Slater Foundation and the Morrill Acts, both publicly and privately supported.

In recent years, however, there has been an assault on the very existence of black colleges, particularly those publicly supported. They were deliberately created to be different from other colleges and, yet, ironically, they are now being penalized financially for not being like other State-supported schools. Under the guise of desegregation, some people are advocating a change of the ethnic orientation of the black college because of a distorted view of the goal of desegregation. Government actions to reverse the consequences of centuries of legally imposed racial segregation must not be used as a pretext to change the role, scope and missions of these institutions.

The end result of desegregation is not for blacks to be with whites, or to create an inferiority complex in blacks or a superiority complex in whites. The goal of desegregation should be to provide equal access to all, so that institutions, facilities and activities predominated by one racial group carry no inherent stigma of advantage or disadvantage. In other words, desegregation should allow anyone and everyone to participate equally and fully in the mainstream of American life.

Despite this goal of desegregation, there are others who still urge the death of the black colleges because of an alleged failure to produce graduates capable of successfully competing with graduates of other schools.

In my testimony, I have given you some statistical information, and I will not repeat that, except to highlight a few of the instances that I think make the point.

Meharry Medical College and Howard University produced about 85 percent of the black physicians in this country. Black colleges have graduated about 75 percent of all of the black Ph.D.'s, 75 percent of all black Army officers, and 80 percent of all black Federal judges.

In fact, in 1979, the National Advisory Committee on Black Higher Education and Black Colleges and Universities stated that, during the past 10 years, some 87 historically black colleges had graduated more black students with baccalaureate degrees than all of the other American higher education institutions combined.

I would just like to add here my support for your education programs in prison, because Texas has the largest prison system in the

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free world. With that in mind, the fact that the recidivism is reduced when prisoners have at least 2 years of college work, it is particularly important to recognize how many of our people would be affected by a good program of education in the prison system.

White colleges and universities with better and larger facilities and greater financial resources have graduated an embarrassingly small number of black students.

Despite the failure of my own State of Texas to grant Prarie View A&M, its black land grant college, its fair share of constitutionally dedicated endowment fund, this school has done an outstanding job, even with underfunding and severely inadequate facilities and equipment. By 1981, all of its academic programs were fully accredited, and it had graduated more black engineers than any of the Nation's 307 colleges and universities offering engineering degrees. It had also graduated more than 50 percent of the blacks currently enrolled in medical and dental schools in Texas, and approximately 70 percent of the black registered nurses in Texas. This was all accomplished, even though the State only spends about $2,269 per student at Prairie View, compared with $3,327 at its parent institution, Texas A&M University. Prairie View's endowment is $10,000 and A&M is $474 million.

Other discrepancies in public funding of black and white colleges in Texas can be shown with examples of Texas Southern University and the University of Houston, institutions that are approximately eight blocks apart.

The State only spends about $2,812 on each student at Texas Southern—which, incidentally, has no endowment—in contrast, the University of Houston did not even join the State system until 1963, yet, the State spends about $3,501 on each of its students, with an endowment at that university of $15.7 million.

These obvious disparities between State-supported black and white colleges certainly account for the difference in their performance. Accordingly, with more equitable funding, these differences can be eliminated, and the State of Texas has made a valiant effort to increase their progress over the last 2 years in working toward narrowing these differences.

As with any institution of higher education, the black college must pursue academic excellence and develop in its students the ability of critical thinking. The black college, however, also has a unique mission to take youth from disadvantaged backgrounds and instill in them self-pride and self-worth. This mission must be met because the public school systems continue to graduate high school students as being qualified to handle college-level work; however, upon entering college, a significant number of these students become disappointed when they discover that they need remedial courses. In such a context, the black college provide an atmosphere with encouragement and without intimidation and alienation so that intellect can be developed and nourished and learning stimulated. It must finally graduate persons whose undergraduate education has removed educational handicaps and allows them to compete on a level with college graduates from around the Nation.

The black college is also a historical national resource. In the past 25 years, they have produced close to one-half of a million graduates, and continue to turn out approximately 34,000 gradu-

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ates a year. They enrolled about 230,000 students. While more than 70 percent of black college youth are enrolled in white colleges, only about 40 percent of those black college youth graduate from white colleges.

About 50 percent of the blacks enrolled in Texas colleges are enrolled in predominantly black institutions. Texas A&M, the University of Houston, and the University of Texas at Austin have only about 2.6 of their enrollment black. Since blacks make up 12.7 percent of the State's population, public higher education in Texas is running a deficit of at least 10.1 percent with respect to black students graduating from white schools.

As national and State assets, black colleges need national and State support. Black colleges must live because they represent the image of black people in education. If they do not survive, this image is erased. These institutions have also consistently impressed upon their graduates a duty of civic participation. As such, it is no surprise that the majority of black leaders are graduates of historically black colleges.

Black and white colleges complement each other, and both make unique and different contributions to this country. The focus of the differences is a matter of history, emphasis, philosophy, orientation, and mission. Thus, Prairie View, Texas Southern, and Huston-Tillotson College in Austin are black only in the sense that Texas A&M, the University of Houston, and the University of Texas are white, and they both operate within a certain historical and cultural context.

It is important to recognize, even as the previous speaker talked about the contributions of industry into the development of economic growth in this country, and specifically mentioned MCC, the Micro-Computer Consortium, which is in Austin, Huston-Tillotson College, which is also in Austin, does not participate in this consortium.

Every college cannot be a University of Texas, a University of California or a University of Illinois. There should be a range of colleges. Black colleges must not be apologetic for their existence; they must operate as all colleges should to justify their existence. We must save black colleges, not only for the sake of an elected population and the potential development of that population, but for the future economic growth of our communities and our country.

I apologize for having to leave you before this panel is completed, but I am to host a reception in Houston tonight for the National Conference on Excellence in Education for Economic Growth, at which we regretfully accept Congressman Simon's absence.

It is my pleasure to appear before you today. I thank you for the invitation. I will be glad to answer any questions.

[Prepared statement of Wilhelmina Delco follows:]

PREPARED STATEMENT OF HON. WILHELMINA DELCO, CHAIR, COMMITTEE ON HIGHER EDUCATION, TEXAS HOUSE OF REPRESENTATIVES

I would like to thank the subcommittee and its chairman, Congressman Paul Simon, for extending its invitation to me to testify on the Reauthorization of the Higher Education Act of 1965. I have been asked to speak specifically to the importance of this country's historically black institutions of higher education and the impact of the proposed changes to the act upon them. I would first like to comment

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upon what I view as the most crucial problem areas facing higher education today—problem areas which I feel are addressed in the most admirable and comprehensive way by the subcommittee's proposal. The subcommittee, its chairman, and staff are to be commended for their work.

As this year's college seniors will struggle to find jobs in a tight market, students entering and returning to campus in the fall will face financial problems of their own—the ever soaring costs of education.

In comparison with recent years, 1982–83 higher educational operation appropriations show a shrinking of current dollar increases nation-wide. The national rate is down by 4%. As a percent of State Taxes, higher education appropriations peaked in 1975–76 and have steadily declined since this period.

In the area of tuition and fees, institutions, public and private, because of the soaring costs of education, are now being forced to shift more of the burden of the cost of providing an education to the student. The average increase in tuition and fees is running at 10%—15% nation-wide among public and private institutions. Next year the total bill (tuition, room, board, and fees) for one year at a private college is expected to jump as much as 12%, from an average of $7,475 to more than $8,300; the average cost of attending a public institution of higher education may rise from $4,388 to $4,800. The schools most at risk are the smaller, less prominent private colleges, where higher tuition and fees will result in potential students turning to the lower cost public schools for their higher education. Especially at risk here are the private historically black institutions.

In the area of faculty salaries, the academic community has been much concerned about the erosion of faculty salaries by inflation. According to an economic analysis by the American Association of University Professors, the increases in faculty salaries (measured in current dollars) during the decade of the seventies left faculty salaries nearly 21% below the 1970–71 real dollar level of salaries; from 1976–77 to 1981–82, faculty salaries—in real dollars—fell by almost 12%.

Economic realities, educational trends, and preceptions of the future affect students and their preferences in higher education. Recent enrollment data show that part-time students are enrolling in greater numbers than full-time students. Enrollment at public four-year institutions, which are usually attended by traditional, 18 to 24 year old, full-time students, is growing at a much slower rate than at other types of institutions, and in many cases is static. Furthermore, recent trends indicate that the growth of black enrollment is slowing.

Increasing tutition and fees, ever increasing educational costs, shrinking State and Federal appropriations in the areas of student entitlement grants and research, and slowing or static enrollment all contribute to a desperate situation for our colleges and universities, but also to a golden opportunity for action by those responsible for developing and enacting policy, such as the legislation under consideration today.

We are all aware of the current financing plight of most of our institutions of higher education, as well as the projected drop. For State financing, the National Governors Association, last May, issued a report which states that State finanical reserves for 1983 were below 1%, as contrasted with a desired 5%, and that in 1984 States would be suffering a deficit.

In addition to the problems related to finance and enrollment at our higher education institutions, other areas have been cited as in need of serious attention. For example, competency testing of teachers and education majors have demonstrated that both are, in general, below desirable standards in the basic skills. Buildings on our college and university campuses are deteriorating as a result of the suspension of needed maintenance, renovation of existing facilities and construction of new facilities due to declining revenues and slowing enrollment growth. Equipment in laboratories, classrooms, and offices is rapidly becoming obsolete.

In examining the subcommittee's document and the background material, I was especially heartened by the proposed changes regarding teacher education and professional development; in the area of student financial aid, the modifications of the trio programs, the special allowance and the elimination of the original fee in the GSL Program, the cost containment and the concept of rewarding institutions that maintain low tuition and fees, combining the SEO6, NDSL, and the SS16 Programs in one campus-based block grant, and the modification of the "half-cost" provision for Pell grants, along with making the Pell grants an entitlement program; and the establishment of a separate ~~new~~ black college and university act. I wholeheartedly endorse the subcommittee's legislation as the most inclusive of the proposals to reauthorize the Higher Education Act and hope that most, if not all, of its provisions are passed into law.

Now, my thoughts on the importance of our historically black colleges and universities, all of which would benefit most from your reauthorization proposal.

The first black colleges in America were founded in the North. Cheyney State College was established in 1830 in Philadelphia, Pennsylvania, as an elementary and high school. Lincoln University was established in 1854 by a white Presbyterian minister under the name of Ashmun Institute, and in 1866 became the first American college to be named after President Abraham Lincoln. Wilberforce University, established in 1856, is the first predominantly black college organized by blacks. Organized efforts for educating blacks were not, however, limited to the North; similar efforts were made in the South at the start of the Civil War, and the need for these institutions became quite apparent after the war had ended.

At that time, there were about four million black people in the United States, and about twenty-eight of them had a college education. The missionaries who primarily organized these efforts recognized that, in order to participate in American society and be prepared for their roles as new citizens, the former slave population needed to be educated. Accordingly, between 1865 and 1900, a significant number of predominantly black colleges were established—Fisk University in 1866, Morehouse College in 1867, Prairie View in 1876, among others. As these colleges developed, disagreement centered on whether they should be based upon the industrial or liberal arts models of education. Financial support for these colleges therefore came from those entities which supported one or both of these models. For example, a significant amount of financial assistance came from such foundations as the General Education Board, the Peabody Fund, the Slater Foundation, and the Phelps-Stokes Fund. In support of the industrial model, Congress enacted the Morrill acts of 1862 and 1890, which provided training for both blacks and whites. The driving force behind both of these acts, however, was not so much a concern for educating the former slaves as it was the need to increase the country's productivity in agriculture and farm goods and to educate a basically agrarian population as the country expanded westward. In order to meet this need, some State legislatures, such as Texas in 1876, provided for a constitutional branch university for colored youths. Thus, for whatever reasons, black colleges were both publicly and privately supported.

In recent years there has been an assault on the very existence of the black college. Yet black colleges, particularly those publicly supported, were deliberately created to be different from other colleges: as noted in the subcommittee's background material, they are ironically penalized financially for not being like other State-supported schools. Under the guise of desegregation, some are advocating a change of the ethnic orientation of the black college because of a distorted view of the goal of desegregation. But Government actions to reverse the consequences of centuries of legally imposed racial segregation must not be used as a pretext to change these institutions.

The end result of desegregation is not for blacks to be with whites, or to create an inferiority complex in blacks or a superiority complex in whites. Nor does desegregation aim at abolishing black institutions built and established with the minds and sweat of black people. As such, this understanding of desegregation is not counter to those arguments made successfully in the 1940's, 1950's, and 1960's on behalf of desegregation; because they were made on behalf of the equal opportunity to associate in classrooms, on campuses, and in other settings.

The goal of desegregation should be to provide equal access to all, so that institutions, facilities, and activities predominated by one racial group carry no inherent stigma of advantage or disadvantage. In other words, desegregation should allow anyone and everyone to participate equally and fully in the mainstream of American life.

Despite the goal of desegregation, there are others who still urge the death of the black colleges because of an alleged failure to produce graduates capable of successfully competing with graduates of other schools. In the first place, history does not bear this out. For example, the national census in 1900 showed and impressive accomplishment within a 36-year period after the black college came on the scene. By that year, there were 21,268 black teachers, 15,530 black ministers, and 1,734 black physicians and surgeons. More recently in 1980, of the 300,000 physicians in the United States, fewer than 2% were black. The latter figure is a distrubing revelation since desegregation has been judicially required since 1954, although Meharry Medical College and Howard University have produced about 85% of the black physicians. Furthermore, black colleges have graduated about 75% of all black Ph.D.'s, 75% of all black army officers, and 80% of all black Federal judges. In fact, in 1979, the National Advisory Committee on Black Higher Education and Black Colleges and Universities stated that, during the past ten years, some eighty-seven historical-

ly black colleges had graduated more black students with baccalaureate degrees than all of the other American higher education institutions combined. So it seems that colleges and universities have produced graduates capable of successfully competing with graduates of other schools, and there is a no doubt that they will continue to do so.

White colleges and universities with better and larger facilities and greater financial resources have graduated an embarrassingly small number of blacks. Accordingly, these figures regarding the black college are even more impressive when one considers what these institutions have accomplished with so little financial support. With more financial assistance, as proposed by this subcommittee, the black college can certainly do a better job.

One case demonstrates this point. In my own State of Texas, Prairie View A & M University was established in 1876 as one of three constitutionally dedicated institutions of higher education, along with the University of Texas and Texas A & M University. Prairie View A & M was established as the "Branch University for colored youth. Three years later, Prairie View A & M was authorized to receive funds from the constitutionally dedicated endowment established for the exclusive use of the three above named universities, the available university fund (AUF), and was again authorized by the State legislature in 1881 to participate in the fund. In 1882, however, the State Comptroller ruled that Prairie View A & M was not eligible to share in the AUF because it was not a legitimate constitutional university. In effect, this State official ruled that the legislature had not established a branch for colored youth. Despite the failure of the State to grant Prairie View A & M its fair share of the AUF, the school has done an outstanding job, even with underfunding and severely inadequate facilities and equipment. By 1981, all of its academic programs were fully accedited, and it had graduated more black engineers than any of the Nation's 307 colleges and universities offering engineering degrees. It also had graduated more than 50% of the blacks currently enrolled at medical and dental schools in Texas, and approximately 70% of the black registered nurses in Texas are graduates of that university. This was all accomplished even though the State only spends about $2,269 per student at Prairie View compared with $3,327 at Texas A & M, with an endowment at Prairie View of $10,000 and at Texas A & M of $474 million. Interestingly, Prairie View has a student body of about 5,012, whereas Texas A & M has a student body of about 35,054, with only 300 black students.

Other discrepancies in public funding of black and white colleges in Texas can be shown with examples of Texas Southern University and the University of Houston. In 1947, with an initial appropriation of $3,850,000, including $350,000 for a law school to accommodate one black student, Heman Sweatt, Texas Southern University (TSU) was created specifically to keep blacks out of a State-supported white university. To date, TSU is not a part of the Texas A & M University or the University of Texas system and receives the majority of its funds from the State legislature. In fact, the State only spends about $2,812 on each student at Texas Southern University, which, incidentally, has no endowment. In contrast, the University of Houston did not join the State system until 1963, yet the State spends about $3,501 on each of its students, despite a university endowment of $15.7 million. By 1978, the University of Houston had received from the State legislature $141.5 million for buildings, compared to $31.3 million that Texas Southern University has received since 1947.

These obvious disparities between State-supported black and white colleges certainly account for the difference in their performance. Accordingly, with more equitable funding, these differences can be eliminated, and the State of Texas has made progress over the last two years in working toward narrowing these differences.

It has been said that the only criterion for any institution's existence is whether or not it is making a unique contribution to society. The question is, therefore, what does the black college contribute to American society?

As with any institution of higher learning, the black college must pursue academic excellence and develop in its students the ability of critical thinking. The black college, however, also has a unique mission to take youth from disadvantaged backgrounds and instill in them self-pride and self-worth. This mission must be met because the public school systems continue to graduate high school students as being qualified to handle college-level work; however, upon entering college, a significant number of these students become disappointed when they discover that they need remedial courses. In such a context, the black college must provide an atmosphere with encouragement and without intimidation and alienation so that intellect can be developed and nourished, and learning stimulated. It must finally graduate persons whose undergraduate education has removed educational handicaps and allows them to compete on any level with college graduates from around the Nation.

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The black college is also a critical national resource. In the past 25 years, they have produced close to one half of a million graduates and continue to turn out 34,000 graduates per year. They also enroll about 230,000 students. While more than 70% of black college youth are enrolled in while colleges, only about 40% of black college youth graduate from white colleges.

In light of the facts presented, black colleges in Texas are certainly making a meaningful contribution to society. Student enrollment in those institutions in 1983 was 17,000. About 50% of the blacks enrolled in Texas colleges are enrolled in predominantly black institutions. In contrast, out of 103,765 students enrolled at predominantly white Texas A&M University, University of Houston, and University of Texas at Austin, only about 2.6% are black. Since blacks make up 12.7% of the State's population, public higher education in Texas is running a deficit of at least 10.1% with respect to black students graduating from white schools. As national and State assets, black colleges need national and State support. I use Texas as an example because I am most familiar with my own State. However, as the subcommittee is certainly aware, the picture I have described here is essentially the same in all 50 States.

Black colleges must live because they represent the image of black people in education. If they do not survive, this image is erased. These institutions have also consistently impressed upon their graduates a duty of civic participation despite a century of segregation and continuing racial discrimination. As such, it is no surprise that the majority of black leaders have graduated from black colleges. Black colleges contribute to the vitality of America's inherent pluralism and diversity in higher education and enrich and enlarge educational opportunity. Within this context, these colleges have historically been centers of interracial and intercultural contact and understanding.

Black and white colleges complement each other and both make different and unique contributions. The focus of the difference is a matter of history, emphasis, philosophy, orientation, and mission. Thus, Prairie View, Texas Southern, and Huston-Tillotson are "black" only in the sense that Texas A&M, University of Houston, and University of Texas are "white" and operate within a certain historical and cultural context. The black college does make a unique positive contribution to American society: and because of these historical and cultural differences, and a deficit from white colleges in making available equal and adequate educational opportunities for the black populace, black colleges should continue to live.

Every college cannot be a University of Texas, a University of California or a University of Michigan; there should be a range of colleges. Black colleges must not be apologetic for their existence; they must operate as all colleges should to justify their existence. Based upon such proof, the black college must survive. As noted by the subcommittee, Dr. Benjamin E. Mays, president-emeritus of Morehouse College, has said, "If America allows black colleges to die, it will be the worst kind of discrimination and denigration known in history. To decree that colleges born to serve Negroes are not worthy of surviving now that white colleges accept Negroes would be a damnable act."

We must save the black college.

Mr. SIMON. We thank you very much for being here.

Let me just add that you are correct; your alma mater, Fisk University, faces problems, but there are a lot of others that are close to that.

Ms. DELCO. Absolutely.

Mr. SIMON. What we have tried to design in this bill is something that can be of significance to these institutions, as well as to the students of this Nation.

I think we better just go ahead, rather than proceed on with questions here. We understand your having to leave the panel.

Ms. DELCO. OK. Thank you very much.

I would like to say that, particularly in your section on black colleges, I think it is important to identify the reasons for this institutions, and we especially appreciate the emphasis that you are giving to the need of black colleges.

Mr. SIMON. I would just add that the section on endowment also can be extremely important to some of the schools, two of them

you mentioned—one with a $10,000 endowment, and the other with none.

Ms. DELCO. That was exactly the reason I mentioned them, Congressman, because black colleges have historically been shoestring operations, as you probably know. They survived after the Reconstruction era by taking up collections on Sunday morning. If it had not been for the religious community support, they would not have been able to survive.

I will make one other general statement, and that is that if black colleges had not existed, black people probably would have been reenslaved after Reconstruction beause they were the only force that kept a sense of community and a sense of support and a sense of worth in the black community.

Mr. SIMON. Thank you very, very much again for testifying.

Ms. DELCO. My pleasure.

Mr. SIMON. Commissioner Eleanor McMahon, the commissioner of higher education for the State of Rhode Island.

STATEMENT OF ELEANOR M. McMAHON, COMMISSIONER OF HIGHER EDUCATION, RHODE ISLAND

Ms. McMAHON. Thank you, Congressman Simon and other members of the subcommittee. My name is Eleanor McMahon, and I am the commissioner of higher education for the State of Rhode Island. I very much appreciate your invitation to be here today.

I would note, Congressman Simon, our deep respect in regard for you in Rhode Island, and our gratitude for your extraordinary and continuing commitment to education, which we hope you will soon be exercising in a somewhat smaller forum.

In general terms, the proposals set forth in the concept paper distributed by you, and in the draft legislation subsequently sent out, our welcome indeed. First, the proposals represent a serious effort to introduce greater efficiency into the structure of the Federal effort to support higher education. Second, there is an obvious concern to improve equity by repeatedly assigning the highest priority to helping those institutions and those students who demonstrate the greatest need for special support. And third, but by no means least, the proposals put forth would mean a general increase in the amount of Federal dollars available to support higher education institutions during a period of increasing fiscal constraint.

This preoccupation with financial support is especially strong in the case of my own State, Rhode Island, where there are two factors operating to intensify the general problems which characterize all of American higher education. One is Rhode Island's unfavorable demographic situation, with a college-age population that is shrinking at one of the fastest rates in the Nation, and the inefficiencies that inevitably follow from that shrinkage. The second factor is the State's ratio of high tax effort to limited tax capacity and the limitations for the future inherent in that ratio. Rhode Island traditionally has been very generous to higher education, the most generous of the New England States, in terms of its tax capacity. But its ability to maintain that generosity is in jeopardy.

Since Rhode Island does have a higher education assistance authority with statutory responsibility for attending to matters relat-

ing to student financial aid, and since I know that you will be hearing today from the National Council of Higher Education Loan Programs, it would be inappropriate for me to comment in great detail on the suggested new title IV.

I would, however, note that, according to a recently published study by the college board, the real value of student aid from all sources has taken a dramatic drop of 21 percent since 1980. If we truly mean what we say about improving access to higher education for those whose economic circumstances are most limited, then that trend must not only be stopped, it must be reversed.

I endorse the continuation of the GSL Program, the restriction of GSL's to needy students alone, and an increase in the maximum loans to at least those levels recommended in the proposed new title IV. We must, however, shift the balance of loans and grants so as to favor the latter markedly, lest the prospect of a heavy burden of indebtedness for their further schooling lead many would-be first-generation college students to abandon their aspirations.

It has been said that the present generation of high school students will be the first in the history of this Nation to be less well educated than their parents. Failure to fund title IV adequately could guarantee that this grim prediction would become a reality, and the American dream would fade accordingly.

With respect to title III, I am pleased to see the effort to simplify a section of the law that many have found confusing. My only suggestion at this point concerns the provision for waivers from strict need-based criteria in determining which institutions are eligible to receive grants. The use of need-based criteria is a good idea, and the provision for waivers by the Secretary of Education under certain limited circumstances is an equally good idea.

I would, however, ask you to consider adding one more set of conditions under which the Secretary would be able to waive the usual criteria—namely, the authority to make grants when the applicant institution ranks at or only moderately above the average amount of student aid and the institution's proposal shows exceptional promise for developing a program that could be emulated with profit by other institutions of low or modest means or of producing knowledge that would be useful to other such institutions.

As one who has spent a substantial portion of my professional career working in or with teacher education programs, I am pleased to see a strong new title V on teacher training programs. Especially encouraging is the section that provides resources to establish school/college partnerships.

Two years ago, Rhode Island set up a joint committee on school and college articulation, and its first of five recommendations dealt with improving communication between secondary and postsecondary personnel. As a matter of fact, last night, we had a meeting at which 400 members of college faculties and the secondary schools of our State, 92 percent of whom were represented, met to discuss this whole problem of articulation across the secondary and postsecondary lines. The school/college partnership provision of title V should prove to be a great boon in our continuing efforts to devise suitable means of implementing that critical recommendation.

I do have one major concern regarding Perkins scholarships proposed for title V, and that relates to the capacity of a State to do

its share in implementing such a program without being given the resources to do so in the form of an adequate level of administrative support. In any agency such as the one that I direct, which already has a very wide range of responsibilities and a professional staff that totals 15, that is a particularly important consideration, and the lack of language specifying that a reasonable portion of a State's grant may be used for administrative purposes in connection with activities approved in the grant proposal is a serious omission.

The proposed new title VI, as described in the concept paper, is commendable in making international education a national priority. For all kinds of reasons, both humanitarian and those stemming from enlightened self-interest, and almost all of them too obvious to need explication, we must work harder at communicating better with our fellow members of the global village, and this title promises to make that tax a little easier.

I especially applaud the business and international education program designed to promote the linkages between institutions of higher education and the American business community engaged in international economic activity.

I want to state my emphatic support for the proposed new title VII. Though all of the help it would provide would be most welcome, that is especially true of the grants it would make available for purchasing laboratory and instructional equipment. Primarily through the Strategic Development Commission in Rhode Island, created in response to the recommendations of the New England Board of Higher Education, as to the critical link between the health of higher education and the health of the economy, several important steps have been taken in Rhode Island to force a strong partnership between higher education and the business/industrial community in the interest of developing the State's economy, and the type of assistance envisioned in the Federal act would be instrumental to our institutions in carrying out their responsibility in that partnership.

We have, as a matter of fact, before the Rhode Island Legislature in this session a kind of baby Morrill Act, which would provide corporate tax credits for gifts of equipment for support of faculty chairs and for support of programs in the technology and scientific areas.

I heartily endorse the initiative in support of spreading cooperative education. My observations of that concept in practice have been very positive. Not only does cooperative education strengthen the ties between business and education and provide students with an invaluable opportunity to learn with little risk about careers in which they are interested, but it also gives students the best kind of feedback possible—the reactions of supervisors, colleagues, customers and clients—to their mastery not only of professional skills, but also of communication and other general education skills.

I also strongly support the emphasis of the reauthorization bill on graduate education with its expanded support through title IX and other titles for graduate schools, graduate students, and research libraries—all defined by the Rhode Island Strategic Development Commission as critical to the State's future economic development.

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I would note here a complementary proposal presently before the Rhode Island Legislature which would create research greenhouses, based on the research being done at Brown University and the University of Rhode Island, with the goal of accelerating the transfer of basic research to the applied stage and to product development and spinoff industries.

Over the years FIPSE has been a great help to higher education in advancing the state of our art, and I am pleased to see its extension included in your proposal as title X.

Finally, the idea of providing endowment money to those institutions that are a hand-to-mouth existence, or close it, is an inspired one, and I, therefore, applaud the inclusion of title XII as an imaginative stroke.

Again, Mr. Chairman, I thank you for inviting me to express my views here today, and I would be happy to answer any questions you might have.

Mr. SIMON. Thank you very much.

[Prepared statement of Eleanor McMahon follows:]

PREPARED STATEMENT OF ELEANOR M. MCMAHON, RHODE ISLAND COMMISSIONER OF HIGHER EDUCATION

Congressman Simon and other members of the Subcommittee on Postsecondary Education: My name is Eleanor McMahon, and I am the Commissioner of Higher Education for the State of Rhode Island. I appreciate very much your invitation to be here today.

In general terms, the proposals set forth in the concept paper distributed by Congressman Simon and in the draft legislation subsequently sent out look welcome indeed. First, the proposals represent a serious effort to introduce greater efficiency into the structure of the federal effort to support higher education. Second, there is an obvious concern to improve equity by repeatedly assigning the highest priority to helping those institutions and those students who demonstrate the greatest need for special support. And third, but by no means least, the proposals put forth would mean a general increase in the amount of federal dollars available to support higher education institutions during a period of increasing fiscal stringency.

This preoccupation with financial support is especially strong in the case of my own state, Rhode Island, where there are two factors operating to intensify the general problems which characterize all of American higher education. One is Rhode Island's unfavorable demographic situation, with a college-age population that is shrinking at one of the fastest rates in the nation and the inefficiencies that inevitably follow. The second factor is the state's ratio of high tax effort to limited tax capacity.

Since Rhode Island does have a Higher Education Assistance Authority with statutory responsibility for attending to matters relating to student financial aid, and since I know that you will be hearing today from the National Council of Higher Education Loan Programs, it would be inappropriate for me to comment in great detail on the suggested new Title IV. I would, however, note that according to a recently published study by the College Board, the real value of student aid from all sources has taken a dramatic drop of 21% since 1980. If we truly mean what we say about improving access to higher education for those whose economic circumstances are most limited, then that trend must not only be stopped—it must be reversed. I endorse the continuation of the GSL program, the restriction of GSLs to needy students alone, and an increase in the maximum loans to at least those levels recommended in the proposed new Title IV. We must, however, shift the balance of loans and grants so as to favor the latter markedly lest the prospect of a heavy burden of indebtedness for their further schooling lead many would-be first-generation college students to abandon their aspirations. It has been said that the present generation of high school students will be the first in the history of this nation to be less well educated than their parents. Failure to fund Title IV adequately could guarantee that this dim prediction would become a reality—and the American dream would fade accordingly.

With respect to Title III, I am pleased to see the effort to simplify a section of the law that many have found confusing. My only suggestion at this point concerns the

provision for waivers from strict need-based criteria in determining which institutions are eligible to receive grants. The use of need-based criteria is a good idea, and the provision for waivers by the Secretary of Education under certain circumstances is an equally good idea. I would, however, ask you to consider adding one more set of conditions under which the Secretary would be able to waive the usual criteria—namely, the authority to make grants when the applicant institution ranks at or only moderately above the average amount of student aid and the institution's proposal shows exceptional promise for developing a program that could be emulated with profit by other institutions of low or modest means or of producing knowledge that would be useful to other such institutions.

As one who has spent a substantial portion of my professional career working in or with teacher education programs, I am pleased to see a strong new Title V on teacher training programs. Especially encouraging is the section that provides resources to establish school-college partnerships. Two years ago, Rhode Island set up a Joint Committee on School and College Articulation, and its first recommendation dealt with improving communication between secondary and postsecondary personnel. The school-college partnership provision of Title V should prove to be a great boon in our continuing efforts to devise suitable means of implementing that critical recommendation. I do have one major concern regarding the Perkins Scholarships proposed for Title V, and that relates to the capacity of a state to do its share in implementing such a program without being given the resources to do so in the form of an adequate level of administrative support. In an agency such as the one that I direct, which already has a very wide range of responsibilities and a professional staff that totals 15, that is a particularly important consideration, and the lack of language specifying that a reasonable portion of a state's grant may be used for administrative purposes in connection with activities approved in the grant proposal is a serious omission.

The proposed new Title VI as described in the concept paper is commendable in making international education a national priority. For all kinds of reasons, both humanitarian and those stemming from enlightened self-interest, and almost all of them too obvious to need explication, we must work harder at communicating better with our fellow members of the global village, and this title promises to make that task a little easier.

I want to state my emphatic support for the proposed new Title VII. Though all of the help it would provide would be most welcome, that is especially true of the grants it would make available for purchasing laboratory and instructional equipment. Several important steps have already been taken in Rhode Island to forge a strong partnership between higher education and the business/industrial community in the interest of developing the state's economy, and this type of assistance would be instrumental to our institutions in carrying out their role in that partnership.

I heartily endorse the initiative in support of spreading cooperative education. My observations of that concept in practice have been very positive. Not only does coop ed strengthen the ties between business and education and provide students with an invaluable opportunity to learn with little risk about careers in which they are interested, but it also gives students the best kind of feedback possible—the reactions of supervisors, colleagues, customers and clients—to their mastery of communication and other general education skills.

I also strongly support the emphasis of the reauthorization bill on graduate education with its expanded support through Title IX and other titles for graduate schools, graduate students, and research libraries—all defined by Rhode Island Strategic Development Commission as critical to the state's future economic development.

Over the years FIPSE has been a great help to higher education in advancing the state of our art, and I am pleased to see its extension included in your proposal as Title X.

Finally, the idea of providing endowment money to those institutions that are living a hand-to-mouth existence, or close to it, is an inspired one, and I therefore applaud the inclusion of Title XII as an imaginative stroke.

Again, Mr. Chairman, I thank you for inviting me to express my views here today.

Mr. SIMON. Dr. Joseph Cronin, formerly from Illinois—it doesn't say that here—and now the president of the Massachusetts Higher Education Assistance Corp. and the National Council of Higher Education Loan Programs.

STATEMENT OF JOSEPH CRONIN, PRESIDENT, MASSACHUSETTS HIGHER EDUCATION ASSISTANCE CORP. AND THE NATIONAL COUNCIL OF HIGHER EDUCATION LOAN PROGRAMS, INC., ACCOMPANIED BY JEAN S. FROHLICHER, GENERAL COUNSEL, NATIONAL COUNCIL OF HIGHER EDUCATION LOAN PROGRAMS, INC.

Mr. CRONIN. Thank you, Mr. Chairman.

Because I testified before your committees five times in the last 6 years, I thought it completely unnecessary to bring along Speaker O'Neill to present me today.

I also want to note with enthusiasm that, whatever job I have held, you have been chairman of the right committee. When we needed funds for special education or for research, you were the person to address, and when it comes to the revision of title IV in higher education programs, again, you are the right person. I can't wait to find out in 1985 whether you will be serving on the Senate Foreign Relations Committee or Banking or Education and Human Resources to find out what my role is going to be in the late 1980's.

I am very, very pleased to be here on behalf of these several groups. The Massachusetts Higher Education Assistance Corp. assists 120,000 students and parents a year to pay for higher education. We provide $300 million of assistance. We are also under contract with the board of regents of higher education to administer the State's scholarship program. We are the oldest State guarantee agency in the Nation, 28 years old, preceding the Federal program by about 10 years.

I am also representing the National Council of Higher Education Loan Programs, which includes the 50 State agencies and not-for-profit corporations who assist 3 million students a year to the tune of about $7 billion. We have, at your request, been working for about 6 months on a position paper, which we would like to have included in the record, along with my prepared testimony, which is much too lengthy to read.

Mr. SIMON. We will enter both in the record.

Mr. CRONIN. Instead, today, I would like to comment on the five questions that you have addressed to me in the letter earlier this month, and focus my testimony on some of these significant concerns.

First of all, although we are the National Council of Higher Education Loan Programs, we support substantial increases in the Pell grants and Federal scholarships. Many of us run State agencies both for scholarship and loan programs, and we understand the significant relationship between them.

What is more, a 4-year college program these days, even in public universities, can cost $25,000, and an independent college or university as much as $40,000 to $60,000 for 4 years of undergraduate education. The most needy students must have at least a $3,000 Pell Grant along with State and campus scholarships in order to meet those tuitions, fees, and costs of education. We believe that very, very strongly, and we put that up front in our position paper ahead of our discussion of loans.

Second, we believe that the Guaranteed Student Loan Program needs some adjustments, but it is fundamentally sound. The capital

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comes from banks who are quite experienced in making loans and, for the most part, very, very good at collecting loans. The role of colleges is to verify enrollment and to verify the cost of education. Under the GSL, for the most part, colleges do not have to pursue their own alumni.

The State agencies that guarantee the loans, that administer the programs, are close to the colleges and close to the lenders. Many of their representatives serve on our governing boards and advisory committees. We are under continuing and positive pressure to make the program better, to improve information to students, to cut loan processing time, to prevent defaults, to pursue defaulter indefinitely, to cut costs and to reduce the paperwork for the students, the schools, lenders, and others.

We support in your proposed legislation the phaseout of the FISL Program and the phasedown of NDSL over time. We recommend the provisions for a lender of last resort in each State to finish the job of solving the access problem. We pretty much have that solved, but there are a few States. The language in your most recent committee draft handles that situation very well.

We also recommend a 12-percent unsubsidized supplemental student loan program of up to $4,000 a year. This, in a way, is a program that we had in the 1970's, that was canceled, and it would help some of the moderate-income families tremendously.

We also support a continuation of the Plus Program for parents at up to $4,000 a year, according to the cost of education. We will provide language for this supplementary student loan program.

With me today is Mrs. Jean Frohlicher, who for many years worked in the Office of Education and then on the Senate side on the technical issues, and we will work very closely with you and with staff to provide details on this proposal.

In terms of the Guaranteed Student Loan Program itself, it needs a 5-year tuneup. No. 1, the origination fee is a front-end tax on students who cannot afford a 5-percent bite, the loss of $125 on the undergraduate loan and $250 on the graduate professional side. Students pay this fee twice, once when the origination fee is deducted from their loan check, and a second time when they go to work and must then repay the loan, including the origination fee, which they never saw.

It is regressive. It was a stopgap measure in 1981. It is antieducation. A student loan is not a mortgage, and we don't need 5 points charged up front each year for 4 years. Abolish the fee—and we are pleased to see the abolition of the origination fee is on the committee draft.

Second, the needs test is working well to restrict borrowing from families earning more than $30,000 a year. Since 1981, you do not hear the old complaints about misuse for family investments. If you extend the test to all students, however, you will create more paperwork for as many as 800,000 students—most of them working-class students—and their colleges, and save relatively little.

The National Council of Higher Education Loan Programs recommends that you apply a credit eligibility index for new loans above $2,500 per year as you raise the loan limits. Again, Mrs. Frohlicher and I will provide to the staff a credit eligibility index based on family income, family size, and the cost of education.

Incidentally, the $65,000 income cap, an absolute income cap, will hurt only 3 percent of the families in the program right now, but it will hurt those families with three, four or more children with two of them in college at once. I speak from some personal knowledge. From 1980 to 1990, the Cronin family will have two children in college each and every 1 of those 11 years, and when you have an outlay of some $300,000 in tuitions for seven children—I guess I speak as the last of the vanishing breeders—but it is a major impact.

We have a number of families who have two children and two in medical school paying up to $40,000 to $50,000 a year in tuition and fees alone. We would just ask the committee to show some compassion for those families. There are many Mormons, Catholics, other Christians and Jews who have large families, and will to continue to for many years in the future.

If you have the needs test or the credit eligibility index, you don't need to have any cap, because only those who absolutely need the funds will receive them.

The loan limits of $2,500 were sufficient in 1972, when that number was first placed in the legislation. It is not enough in 1984, and will be woefully inadequate in 1990, when reauthorization would expire.

Furthermore, if you abolish the FISL program and phase out the NDSL, which offers from $500 to $1,000 a year now for students—in other words, a student now can get $3,000 or $3,500—and if you raise the GSL only to $3,000, you will actually reduce the amount of loan funds available to students in a number of our middle and upper range of education costs. I know you don't intend to do it, to reduce—I know you want to stabilize or bring some kind of parity between the program.

Our recommendation, the NCHELP recommendation, is that you raise the annual GSL limits to $4,000 a year for undergraduates and $8,000 a year for graduate students. The Massachusetts Higher Education Board several months ago recommended $5,000, just so you have some feel of what the demand side is, especially in the Northeast corner of the Nation, but it is also true in the Midwest where you have a number of excellent independent colleges and universities with tuitions and the cost of education in the $12,000, $14,000 and $15,000. We put it very, very clearly.

In 1972, a $2,500 loan was equivalent to the cost of education for the entire year at many of our public universities, and it would buy about a semester at our quality private colleges and universities. Right now, at a private college or university, a $2,500 loan pays for about 6 or 7 weeks of higher education. You can't even get to the midterm examination, midsemester examination, on a GSL, just because of the erosion and inflation factor in the cost of living. That is why $3,000 just won't be enough.

The committee bill at the moment is only $1,000 shy of the NCHELP recommendations in each category, undergraduate or graduate, so we don't think we are far apart. And many will not borrow the maximum. Again, with the credit eligibility index, it will be tied to the cost of education and to family contributions and need, and not all will borrow those amounts. But we are concerned

about a low number remaining in place, a low loan limit ~~remaining~~ in place, until 1990.

Incidentally, student loan defaults do not go up with higher level borrowing. This is a misunderstanding or a myth that, fortunately, John Lee's excellent research for the National Commission on Student Financial Assistance, rebutted. His research shows the opposite—the more dollars, the more degrees, the less the percentage of default.

So also does the Sallie Mae experience with the options of consolidation program show, that the default rate in those higher loans is closer to 1 percent than 5 percent.

We do not accept, by the way, the recent ETS numbers on the acceptable debt burden for undergraduates. They said about 5 percent. That is an arbitrary number. Today's students who graduate college can pay $100 a month or more if they want to go away from home to a good school, to a State university or to an independent college or university. This may be 10 percent of starting salary, but that will decline each year.

All this to say that we think the students, the graduates of tomorrow, will be able to afford to repay these loans as they invest in themselves.

We believe, of course, that some students need longer than 10 years to repay their loans. Here the ETS study is very useful in suggesting a longer payment period. But this should not necessarily mean continued taxpayer subsidy for persons in their 30's. We know that Congress is concerned about it, and we need the dollars for those students who are coming along, not for middle-income or middle-class or professionals 8, 10, 12 years out of school.

So we have in our proposal, in our longer paper, a graduated shift in repayment toward market rates, so that the advantages of spreading out the loan over a longer time period are calculated very carefully by the consumer. In brief, the interest rate for students 3 years out of college who want to extend the repayments could rise by one-half percent annually, beginning about year 3, so by the time you get to 10 years the student was actually paying at the full amount and the Federal subsidy would disappear. Again, you have to see this proposal on paper, but I am saying that, by the end of the 10 years, the student would be paying 15 percent in today's market for the loan, so that the Federal cost by the 11th year would wash away.

I think this would be an acceptable proposal. We know that OMB, we know that the minority members, as well as the majority members, are very, very concerned about the cost of any kind of repayment or extension that would go beyond 10 years. We think we have a solution. It was thought out by one of our most senior members, Kenneth Reeher of Pennsylvania. We think it will work financially, both for the Federal Government and the students, and will be acceptable to the lending community.

A few comments on the special allowance for banks. We think that the current formula, T-bill plus 3.5 percent, is not excessive. We think that if the Congress forces State secondary markets into taxable bond issues, the 3.5 percent formula remains very necessary, including an in-school.

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It is not true that the banks do not work while the student is in school. Take, for example, my eldest daughter, a graduate of the University of Illinois, who, before she graduated, changed her name, changed her residence, she's changed her place of business twice and her address four times in the 3 years since she was a graduate. So there is a lot of work for banks that is different from other consumer loans.

We have a number of proposals for saving money, because we are a bipartisan group and we know that it is responsible to have some provisions that would save money, especially in this critical time.

We recommend a $75 per month minimum repayment. We believe that is in the committee draft right now, and we applaud that. We recommend a 3-percent increase in the charges paid by defaulters on their defaulted loans as a kind of penalty add-on. The Federal Government would share in the recapture of this money.

We believe that the Federal income tax rebates to defaulters ought to go back to the repayment of their student loans. Seven States have pioneered this effort with State income tax set-offs. It works, it makes sense, and it is a powerful deterrent to future defaults. We need some tools like that.

We also agree with the concept of the return of Federal advances to the Federal Government after an independent audit of our other State agency showing that it has the fiscal capacity and the reserve to make that possible.

Finally, a recent report suggests that women students may be shortchanged by aid policies, may, for example, get less in the way of Pell grants and, under certain circumstances, may experience greater defaults. The Federal Government right now does not require us to collect data by gender and, therefore, we have not noticed this problem before. But I would urge you to require through your legislation that these data be collected systematically, either by NCES or by the new Advisory Committee of the National Center that is recommended in the committee draft. The Federal Government should collect this information, and there should be some committee discussion of the ways in which—unintentionally, but present—system grants and loans may discriminate against women. I know my five daughters will appreciate my bringing that to your attention, but all women and men have a concern about equity and justice in the loan programs.

Thank you, Mr. Chairman.

Mr. SIMON. Thank you.

[Prepared statement of Joseph M. Cronin follows:]

PREPARED STATEMENT OF DR. JOSEPH M. CRONIN, PRESIDENT, MASSACHUSETTS HIGHER EDUCATION ASSISTANCE CORP. AND PRESIDENT, NATIONAL COUNCIL OF HIGHER EDUCATION LOAN PROGRAMS, INC.

Mr. Chairman and Members of the Subcommittee: My name is Joseph M. Cronin. I am President of the Massachusetts Higher Education Assistance Corporation (MHEAC) and current President of the National Council of Higher Education Loan Programs, Inc. (NCHELP).

MHEAC is the State guaranty agency for the State of Massachusetts. The agency has insured $1.8 Billion in Guaranteed Student Loans for residents of Massachusetts and those attending school within the State. The default rate on loans guaranteed by MHEAC is approximately 4.5%.

The National Council of Higher Education Loan Programs, Inc. is primarily comprised of State guaranty agencies, State secondary markets, and State direct lend-

ers. Our membership also includes other entities involved in the Guaranteed Student Loan Program, such as major lenders, student loan servicers and collectors, underwriters and bond rating agencies, and nonprofit organizations concerned with the stability and success of the Program.

Voting Members of NCHELP, the State agencies, secondary markets, and direct lenders, met in Chicago, Illinois, on February 2nd and 3d, 1984, to discuss the issues confronting Guaranteed Loans as the reauthorization process commences. The result was a 20-point position paper, which, along with an outline of the paper, I would like to have included in the Subcommittee Record as an appendix to my testimony.

Our recommendations incorporate three major themes:

Reaffirmation of the fundamental soundness and effectiveness of the Guaranteed Student Loan Program.

Simplification and stabilization of the GSL Program.

Realistic distribution of cost for the GSL Program.

THE FUNDAMENTAL SOUNDNESS AND STABILITY OF THE GSL PROGRAM

Recognizing a need for a proper balance between grant funds and loan funds for needy students, NCHELP believes that substantial increases should be made to the Federal grant programs to insure that needy students are not overly reliant on loans to meet their educational costs, particularly in the lower division undergraduate population. The Council commends the Chairman for his commitment to this balanced approach, as exemplified by his proposal to make Pell Grants an entitlement and to substantially increase the maximum award. While we may disagree on details, such as the proper loan limits for Guaranteed Loans, we strongly support the increases in grant funds proposed by H.R. 5240. GSL default experience will definitely be affected by the funding balance achieved for grants and loans to needy students in the years ahead.

It is essential for the success of the Guaranteed Student Loan Program that a stable environment be maintained, in order to provide an adequate supply of loan capital. This environment must include not only the balanced approach to loans and grants already mentioned, but also protection of the Program's entitlement nature and encouragement of private lender support.

SPECIAL ALLOWANCES

One essential element in retaining lender support is the continuation of the Special Allowance, which relates a lender's return on Guaranteed Student Loans to the cost of money as exemplified by Treasury-bill rates. NCHELP believes that the current level of Special Allowance, T-bill plus 3.5 percent, represents a fair, and not excessive, return to lenders. We therefore oppose the provision in H.R. 5240 which would reduce this allowance to T-bill plus 3 percent. Many lenders hold their student loans through the repayment period; reduction of the Special Allowance by one-half a point could make loans, especially small-balance loans, less than cost-effective during the expensive process of collection. Finally, the current uncertainly concerning the future of tax-exempt student loan revenue bond financing, with its concomitant pressure for States to seek taxable sources of funds, would make a reduced Special Allowance totally unfeasible. Taxable funds will cost State secondary markets and direct lenders substantially more than tax-exempt funds; one-half of a reduced Special Allowance would not provide enough return to cover costs.

The Council urges the Subcommitttee to reconsider its proposal to reduce the Special Allowance, and to continue the current level without change.

LENDER OF LAST RESORT

As State agencies, NCHELP Members strongly support the continuation of the current, decentralized State or private, nonprofit responsibility for administration of the Guaranteed Student Loan Program. We commend the Chairman for his proposal to repeal the Federally Insured Student Loan Program, except for isolated instances where its continuation is absolutely necessary.

States and private, nonprofit organizations have proved since the passage of the Education Amendments of 1976 that they can administer the GSL Program more efficiently and with substantially lower defaults. Recent growth in the programs of a number of the newer State guaranty agencies has reflected a strong effort on the part of those agencies in overcoming local lender reluctance to participate in the GSL Program because of unsatisfactory experience with the prior Federally Insured Program. Repeal of FISL will reinforce the decision the Congress made in 1976, and

will discourage subtle efforts on the part of some who would seek to recentralize and re-Federalize the Guaranteed Student Loan Program.

Total access to student loan capital by all eligible students is the goal of all NCHELP Members. To this end, we support the provision of H.R. 5240 requiring each State to provide a lender of last resort program to assure access to subsidized loans to eligible borrowers. Many States have already developed such lenders on their own; others are currently considering mechanisms for last-resort lending.

It is critical that the statutory language on lender of last resort leave each State free to determine the best method for assuring all eligible borrowers of access to loans. Some States have agreements with commercial lenders to serve as lenders of last resort; others have established State agencies or designated private, nonprofit organizations to serve students that would otherwise be unable to receive loans. H.R. 5240 leaves that flexibility in the hands of each State agency. Only if an agency were unwilling to enter into any arrangement for a lender of last resort would the Secretary have authority to make alternate provisions for such a lender. We strongly support this provision in the Chairman's bill.

LOAN LIMITS

However, while access to capital is important, equally important is access to sufficient capital to provide adequately for a student's educational expenses. NCHELP does not believe that H.R. 5240 goes far enough in increasing loan limits. We recommend an annual ceiling for undergraduates of $4,000 and for graduates of $8,000. Aggregate levels should similarly be increased to $20,000 for undergraduates and $40,000 for graduate students. In addition, Congress should periodically review these limits in light of increased college costs.

The GSL annual undergraduate loan limit of $2,500 was set in 1972, a year when the amount could pay for all of a student's costs at a public college, and for one semester at an independent college or university. Now it pays for six or seven weeks at many colleges and universities in metropolitan areas around the Nation. While H.R. 5240 proposes an increase to $3,000, the next reauthorization may not occur until the 1990's, at which point $3,000 will amount to a $500 increase over 18 years, a minuscule increase of less than one percent per year.

Maximums of $3,000 grant and $3,000 loan looks like "balance," but it is not always the "appropriate balance" sought by the Congress. The most needy student may need $4,000 or $6,000 in Federal, State, and institutional scholarships; it may be most unwise to saddle him with debt. On the other hand, a less needy student, or members of a large middle-income family, may need a $4,000 student loan, especially if ineligible for a Pell Grant.

NCHELP shares the Subcommittee's concern that students not be overburdened by debt when they graduate. However, current evidence is that substantial indebtedness does not lead to increased defaults. The National Commission on Student Financial Assistance found that those with high loan balances were least likely to default. Similarly, the Student Loan Marketing Association has testified that those students with loans of more than $10,000 were better repayment risks, with default rates of close to one percent.

The college graduate of the 1980's will earn one million dollars in his lifetime, most of this due to a college education. A graduate degree could bring from $1.5 million to $4 million—not just for athletes or surgeons—but also for lawyers, businessmen, engineers, and researchers. That is why those of us who guarantee loans urge the Subcommittee to increase the annual loan limits to $4,000 for undergraduates and $8,000 for graduate students.

CONSOLIDATION OF TITLE IV STUDENT LOAN PROGRAMS

As noted previously, NCHELP supports the repeal of the FISL program, as proposed by H.R. 5240. Since the program is being terminated administratively by the Department of Education, it should be terminated legislatively.

Similarly, the Council believes that the separate National Direct Student Loan Program has served its purpose and should not be continued as a separate program. H.R. 5240 proposes to incorporate NDSL into an institutional block grant, leaving it to the institution's option whether to continue to make loans at the campus level. NCHELP's recommendation would allow even greater discretion by the college financial aid administrator.

We suggest that institutions currently participating in the NDSL program be given three options:

1. Continue as institutional loan program;

2. Utilize the NDSL revolving fund in their need-based grant and/or a work-study program; or

3. Become eligible lenders under the GSL program, using the revolving fund as loan capital.

The third option would provide additional assurances to the institutions of the continued availability of loan capital for students served by the NDSL program, while providing a guarantee for the fund corpus which they do not now enjoy. The guarantee provided for these loan funds would apply only to new borrowers after the effective date of the legislation.

NONSUBSIDIZED LOAN PROGRAMS

For many years, the Guaranteed Loan Program included a component authorizing unsubsidized guaranteed loans for students whose family income exceeded the statutory ceiling. This program was lost in 1981 with the enactment of the ALAS program as an adjunct of the PLUS or parental loan program first authorized in 1980. The result has been confusing to students, parents, and lenders. While PLUS loans are increasingly being made, the ALAS program has not lived up to expectations. As a result, students in need of additional credit are too often unable to receive loans.

The Council proposes to separate the parental and supplemental student loans into two distinct programs. While this recommendation would appear to add complexity to the Act by creating two new programs, we believe that the resulting clarification and simplification of the provisions and purposes of the programs would actually serve to increase the supply of loans available to meet the needs of *both* parents and students.

The proposed Supplemental Student Loan Program would have the following features:

1. The maximum interest rate would be 12 percent.
2. At the lender's option, the student would be given the choice of paying interest while in-school or of having the interest capitalized at the end of each calendar quarter.
3. Dependent undergraduate students, as well as independent undergraduate students and graduate students, would be eligible to borrow.
4. The annual and aggregate loan limits would be the same as recommended for the regular loan program—$4,000 and $20,000. These limits would be in addition to any GSL borrowing, not to exceed educational cost less other financial aid. Students would be allowed to borrow expected parental contribution.
5. Loans would have the same repayment terms and grace periods as regular GSL loans; they would be allowed to be consolidated under the same provisions. Special allowances would be paid.
6. If students had previously borrowed under the ALAS program, they would be allowed to refinance their loans under the new program.

In summary, the Supplemental Student Loans would be made on the same terms and conditions as regular Guaranteed Student Loans, except that the interest rate would be 12 percent and no in-school interest subsidy would be paid.

The new Loans for Parents Program would have the following features:

1. The maximum interest rate would be 12 percent. Special allowances would be paid.
2. Parents would be eligible to borrow $4,000 per year per student, up to an aggregate of $20,000. They would be limited by total cost of education less other financial aid, and would be able to borrow their expected parental contribution. Parents could borrow for undergraduate or graduate students, and their loan amounts would be in addition to the amounts borrowed by the student.
3. Other than the unemployment deferment, parents would not be eligible for any of the other deferments available to student borrowers.
4. A parent borrower would be able to refinance prior loans taken out on behalf of the child and consolidate those loans with the new loan. This would include PLUS loans, including those bearing interest at 14 percent.
5. The maximum repayment period for a parent loan would be ten years from the date it is taken out or refinanced.
6. All other terms and conditions of a parent loan would be the same as those currently in law.

ELIGIBILITY FOR GUARANTEED STUDENT LOANS

In order for a student to demonstrate need for a Guaranteed Student Loan, the Council proposes the development of a Credit Eligibility Index. This Index would reflect a standard for credit-eligibility which would differ from existing needs analysis

which serve as rationing devices for too-scarce grant funds. The CEI would be based on family size and the adjusted gross income in the tax year prior to the academic year in which the loan is made. Campus aid administrators would be allowed to exercise professional judgment in adjusting the Index in those cases where there has been exceptional change in family circumstances.

Students from families with adjusted gross incomes of more than $30,000, and those from families below that income level who sought Guaranteed Loans of more than $2,500 for undergraduates and $5,000 for graduates, would have their eligibility determined under the Credit Eligibility Index. The maximum loan amount would be equal to the total cost of education, less other financial aid received, within the loan limits set by law.

The Council proposes that the Index be established in the Higher Education Act, either by means of a formula or by benchmarks for a table. The Index would be used in the same manner as the current GSL Contribution Tables. We also propose that separate indices be established for dependent students from one- and two-parent families, and for independent students who are married, single, or single heads-of-household, a total of five separate indices.

Any student eligible for less than $500 but more than $1 would receive a loan of $500. This would parallel the current statutory provision that students eligible for $501 but less than $1,000 receive $1,000. It would also substantially alleviate the current problem which many students, especially those in proprietary schools and community and junior colleges, face with lenders who are reluctant to make small-balance loans.

ADMINISTRATIVE PROVISIONS

The Council also proposes a number of specific administrative changes designed to simplify and stabilize the Guaranteed Student Loan Program:

1. Eliminate the maximum repayment rule of 15 years. It serves no useful purpose and threatens to cause administrative nightmares.

2. Allow half-time students an in-school deferment. If a student is attending school at least half-time, he should not be required to be in repayment status on his prior Guaranteed Student Loans.

3. Establish statutory standards for foreign school participation in GSL. This has been the subject of controversy and court action; the Congress should take the lead in establishing standards for participation of foreign institutions.

4. Return the initial grace period after a student's in-school period to 9 months. H.R. 5240 makes this change, and the Council supports it. The reduction to 6 months has resulted in little savings to the government and has created unnecessary difficulties for students in making transitions from undergraduate school to graduate school or work. In addition, for administrative simplicity, allow students eligible for a 6-month post-deferment grace period on one of their loans such a grace period on all of their loans.

5. Allow agencies to retain a flat 30 percent of collections on accounts in default, rather than requiring detailing accounting for eligibility for that amount.

6. Modify subrogation requirements to limit their applications to agencies that, in any fiscal year, do not collect an amount equal to four percent of the total balance of loans in default at the close of the previous fiscal year. Subrogation provisions have been a source of much discussion between Council Members and the Department of Education; they should be spelled out in the statute by the Congress.

TAX-EXEMPT ISSUES

The Council strongly believes that State-level secondary markets and direct lenders should have access to public-purpose tax-exempt financing, in order to maintain an adequate and stable supply of loan capital. While we recognize that tax law is the purview of the Ways and Means Committee, provisions of the Higher Education Act governing Special Allowances and Plans for Doing Business affect the operations, and the very existence, of State direct lenders and secondary markets. In this context, the Council appreciates of efforts of Members of this Subcommittee and other Members of Congress in urging the Department of Education to modify its proposed Regulations concerning tax-exempt funding. Such modifications are necessary if a stable and broad-based supply of Guaranteed Loan capital is to continue.

ORIGINATION FEE

The Council strongly supports the repeal of the 5 percent origination fee proposed by H.R. 5240. The origination fee was a stop-gap budget measure whose time has

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come and gone. It should not be continued; students should receive the entire amount they borrow.

EXTENSION OF REPAYMENT

As students borrow more and more to meet rising college costs, their loan burdens become such that a 10-year repayment period is insufficient to repay their obligations. Forcing such students into such a short time-period, with unreasonably high monthly payments, can only force them into delinquency and default. However, mere extension of the term of a Guaranteed Loan, with its accompanying Special Allowance payments, can be exceedingly costly to the Federal government. Obviously, some accommodation must be made between conflicting interests.

The National Council of Higher Education Loan Programs, Inc. proposes that students be permitted to extend their repayment period beyond ten years, but in such a manner that the student, not the Federal government, bears the increased costs.

Our proposal works this way: At any point within three years of the start of the repayment period, the borrower may select a repayment period of up to 20 years. During the first three years, the interest rate to the student would be the average rate of the original loan(s). Thereafter, the student's interest rate would increase by one-half of one percent each year; the Special Allowance would be reduced concomitantly. This would continue until the borrower is paying an interest charge which at least equals the interest and Special Allowance which the lender would have received if repayment had not been extended.

At this point, the student's interest rate for the subsequent 12-month period will be calculated to equal the interest and Special Allowance the lender would have received in the previous quarter if repayment had not been extended. This interest rate would similarly be recalculated annually until the principal amount was repaid.

This proposal would have the advantage to the student that his interest rate would rise gradually, at the rate of one-half of one percent per year, over the life of the loan, rather than suddenly ballooning to market rate. This rise could usually be expected to reflect his increased earning capacity in the years after he left school. The student would not have to meet any statutory minimum amount in order to take advantage of extended repayment. The extensive disclosure required by the law, plus students' assessment of their own earning potential, should allow students to make educated judgments concerning the advisability of opting for extended repayment programs.

The lender would be assured of a return equivalent to that it would have received if the loan had not been extended. The rate paid by the student would be reflective of rising—or falling—interest rates, so the lender would not have to take the risk of trying to second-guess interest rates over the long term.

There would be minimal cost to the Federal government, if any, for this extended-repayment option. Savings to the Treasury in default prevention could be substantial.

MONTHLY MINIMUM REPAYMENT

The Council proposes to increase the minimum monthly payment to $75 for all new borrowers. This is similar to the provision of H.R. 5240 requiring a minimum annual aggregate of at least $900. It is unrealistic to recommend higher loan limits and longer repayment terms without corresponding increases to the actual minimum monthly repayment amounts.

FEDERAL ADVANCES

As State guaranty agencies become more firmly established financially, it is appropriate that some of the cost of the Guaranteed Student Loan Program be shared by them. Therefore, the Council recommends that States be encouraged and permitted to return all Federal advances to the Federal government within a reasonable time frame. It is our position that the reasonableness of that time frame should *not* be determined by the Secretary of Education or by the State agency itself. Rather, it should be based on an independent determination of the overall financial condition of the agency's loan guarantee program.

INSURANCE PREMIUM

Existing law prohibits "collection of an excessive insurance premium." The Council would recommend that this be amended to limit the total fee charged to students

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as an insurance premium to three percent of the loan amount. Guaranty agencies would be authorized to charge a flat fee for all students.

Current fees charged by guaranty agencies vary from State to State. In many cases, they are calculated on the basis of a projection of a student's years in school and the total life of the loan. Thus, a student entering a four-year school would pay a higher insurance premium for a $1,000 loan than a student entering a one-year program. Yet the first student may drop out of school after his first year, having borne a disproportionate share of the insurance fees.

Authority to charge a flat fee to all students, based on their annual loan amounts, would equalize the cost of all students and would reduce the cost to a substantial number of students.

LOAN CONSOLIDATION

The Council supports loan consolidation by all eligible lenders and holders of Guaranteed Student Loans. In addition, guaranty agencies should have the ability to guarantee loans consolidated by eligible lenders within their States.

PROGRAM ADMINISTRATION

In order to maintain a reasonable sharing of the cost of reinsurance between the Federal government and State guaranty agencies, the current methodology for reinsurance should be retained. Any alternatives to the current system of progressively graduated system of reinsurance should be considered in the light of their continued incentives to State guaranty agencies to keep default rates as low as possible.

In addition, the existing Administrative Cost Allowance of up to one percent of loans guaranteed annually should be retained. To guaranty agencies, especially the newer ones, such allowances are necessary to maintain an efficient level of program operations.

COLLECTIONS AND DEFAULT PREVENTION

The Council has a number of suggestions to improve collection of delinquent Guaranteed Loans and to reduce defaults.

First, Federal income tax refunds due to defaulted borrowers should be applied to their defaulted loan indebtedness, at the request of the guarantor. Similar requirements have been successfully implemented at the State level in several States.

We are aware that the Internal Revenue Service has traditionally opposed use of the Federal tax system for collection of other than Federal taxes due. However, defaulted loans are a direct drain on the Treasury. It is not unreasonable for the Federal government to such leverage, given the ample opportunity a student has to repay the loan before such action would be taken.

Second, Federal law should provide that garnishment of wages would be allowed in any State, at the request of the guarantor. Again, several States have taken action on their own to provide for garnishment. However, once a student crosses a State line, enforcement of a decision in one State becomes extremely cumbersome, if not impossible, in another State.

Third, the Council supports the provision in H.R. 5240 establishing a statute of limitations of at least six years on defaulted student loans. States with longer statutes would not be affected.

Finally, the Council believes guaranty agencies should be authorized to raise the interest rate on all defaulted student loans by three percent over the rate in effect at the time of default. This provision would only apply to loans made after the date of enactment of the Higher Education Amendments of 1984. A student who defaults on his loan payments should incur a substantial penalty for his failure to repay. This provision would transfer much of the program's cost from the Federal government to the student, thus providing a substantial deterrent to default.

The National Council of Higher Education Loan Programs, Inc., as I have noted, supports many of the provisions containd in H.R. 5340. With a few modifications, we believe that the legislation could provide a successful blueprint for Federal efforts in student loans for the remainder of the 1980's. The Council looks forward to working with the Chairman and Members of the Subcommittee as the reauthorization process unfolds.

Mr. Chairman, I would be happy to answer any questions you or other Members of the Subcommittee might have.

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[Revised as of February 14, 1984]

AN OUTLINE OF THE POSITION PAPER ON THE REAUTHORIZATION OF THE GUARANTEED STUDENT LOAN PROGRAM AND OTHER TITLE IV PROGRAMS PRESENTED TO THE NCHELP BOARD OF DIRECTORS—FEBRUARY 2, 1984 BY THE NCHELP REAUTHORIZATION COMMITTEE, PETER KEITEL AND JOE L. MCCORMICK, CO-CHAIRMEN

This NCHELP position paper proposes to make 20 specific recommendations around three major themes:

Reaffirmation of the fundamental soundness and effectiveness of the GSL Program.

Simplification and stabilization of the GSL Program.

Realistic distribution of cost for the GSL Program.

THE FUNDAMENTAL SOUNDNESS AND EFFECTIVENESS OF THE GSL PROGRAM

1. Recognizing a need for a proper balance between grant funds and loan funds for needy students, substantial increases should be made to the federal grant programs to insure that needy students are not overly reliant on loans to meet their educational costs, particularly in the lower division undergraduate student population. GSL default experience will definitely be affected by the funding balances achieved for grants and loans to needy students in the years ahead.

2. The GSL Program should be maintained and enhanced to:

(a) assure the proper funding balance that should exist between available loan and grant funds to students as described in Recommendation #1.

(b) protect the true entitlement concept of the Program,

(c) encourage private lender participation in the Program by maintaining the current special allowance rates.

(d) insure the continued state or private, nonprofit responsibility for administration of the Program, and

(e) maintain a stable environment in which to provide an adeuqate supply of loan capital.

3. Provide total access to student loan capital to meet determined eligible educational costs to all eligible borrowers in every state by:

(a) requiring a state-approved mechanism to provide a public or private lender-of-last-resort program to be made available in that state to assure access to subsidized loans.

(b) increasing the annual and aggregate loan limits according to the following schedule: as of the effective date of the legislation, the annual loan limits for undergraduate students shall be $4,000 and $8,000 for graduate students; the aggregate limits shall be $20,000 for undergraduates and $40,000 for graduate students. Congress should periodically review these limits.

THE NEED FOR GSL PROGRAM SIMPLIFICATION AND STABILITY

4. Incorporate all federal Title IV student loan programs into the GSL Program (NDSL and FISL). Since FISL is being terminated administratively by the Dept. of Education, it should be eliminated legislatively. For institutions participating in the NDSL Program, allow them to continue an institutional loan program (at the option of the institution), or as eligible lenders under the GSL Program, utilize NDSL funds in their need-based grant and/or a work-study program. This would provide additional assurances to the institutions of the continued availability of loan capital for students served by these programs and also provide a guarantee of the fund corpus which they do not now enjoy. The guarantee provided these loan funds would apply only to the new borrowers after the effective date of this legislation.

5. Restructure the legislation authorizing the PLUS/ALAS Programs to clarify the goals of what really are two separate programs and simplify the administration of these programs in order to increase the supply of loans available to meet the needs of both parents and students as follows:

(a) The current section authorizing the Auxiliary Loans to Assist Students Program (Section 428-B) of the Higher Education Act should be replaced with two sections: one authorizing a supplemental, nonsubsidized loan program for students and a second authorizing Loans for Parents. This new Supplemental Student Loan Program would have the followig features:

(1) The maximum interest rate would be 12%.

(2) Students, at the option of the lender, would be given a choice of paying the interest while they are in school or having the interest capitalized at the close of each calendar quarter.

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(3) Dependent undergraduate students, as well as graduate students and independent undergraduate students, would be eligible for these loans.

(4) The annual loan limit would be $4,000 and the aggregate loan limit would be $20,000. These limits would be in addition to any amounts borrowed through the GSL Program, not to exceed the total cost of education minus other finanical aid, not including parent contribution.

(5) The loans would have the same repayment terms and grace periods as regular GSL loans. Special allowances would be paid. These loans should have the same consolidation provisions as regular GSL loans. In summary, the nonsubsidized supplemental loans should have exactly the same terms and conditions as the regular guaranteed student loans with two exceptions: the interest rate of 12% and the absence of the federal interest subsidy.

(6) Notwithstanding the annual loan limits of this new Supplemental Nonsubsidized Loan Program, any students who have received loans in the past under Section 428–B should be able to refinance those loans under the new program.

(b) The new Loans for Parents Program would have the following features:

(1) The maximum interest rate would be 12% and special allowances would be paid.

(2) Parents would be able to borrow $4,000 per year for a student limited to the total cost of education minus other financial aid, not including parent contribution. The student could be a graduate or undergraduate student. The aggregate borrowing limit would be $20,000 per student. These amounts would be in addition to any amounts borrowed by students.

(3) Other than the unemployment deferment, parent borrowers would not be eligible for any of the deferments available to student loan borrowers.

(4) When a parent borrows for a dependent child, the parent should be able to refinance any previous loans taken for that child and consolidate those loans with the new loan. This would include any loans previously taken out under the PLUS Program as previously authorized under Section 428–B. This consolidation opportunity should include old loans, including 14% loans, which would be refinanced at the 12% rate.

(5) The maximum repayment period on parent loans would be ten years from the time a loan is taken out or refinanced.

(6) All other terms and conditions of the new parent loan program would be the same as the program currently in law.

6. Determine the eligibility of a student to receive a subsidized GSL by the method described below:

For students with an AGI (adjusted gross income) of over $30,000, the maximum loan amount would be equal to total cost of education less financial aid received less a "credit eligibility index" (CEI). The CEI would be established by law, either by means of a formula or benchmarks for a table. The CEI would be used in the same manner as the current GSL Contribution Tables. Separate indices would be established for dependent students from one and two-parent families, independent students who are married, single, or single heads-of-household. The CEI would be based on family size and the AGI in the tax year prior to the academic year in which the loan is made; however, campus aid administrators could exercise professional judgment in amending the CEI in those cases where there has been exceptional changes in family circumstances.

Students with AGIs under $30,000 would not receive loans in excess of $2,500 for undergraduates and $5,000 for graduate students unless their eligibility is determined using the CEI. Any student eligible for less than $500 but more than $1 would receive $500. The amount of the loan in combination with other aid could not exceed the total cost of education.

7. Changes specific to the administration of the GSL Program which would simplify and/or stabilize it include:

(a) eliminating the maximum repayment rule of 15 years.

(b) allowing half-time students an in-school deferment.

(c) Standards for foreign school participation in the GSL Program should be established in statute.

(d) The intitial grace periods after the student's in-school period should be returned to a 9 month period. Borrowers with one or more loans eligible for a 6 month post-deferment grace period should receive the post-deferment grace on all their loans.

(e) Agencies should be permitted to retain a flat 30% of collections on accounts in default.

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(f) The statute should provide that subrogation would not apply to an agency that, in any fiscal year, collects an amount equal to or greater than 4% of the total balance of loans in default at the close of the previous fiscal year.

8. Empower state-level secondary markets and/or direct lenders to generate student loan capital by use of public purpose, tax-exempt bonds to maintain an adequate and stable supply of loan capital.

REALISTIC DISTRIBUTION OF COST OF THE GSL PROGRAM

9. Eliminate the 5% loan origination fee.

10. Allow students with larger than average indebtedness to extend their repayment period beyond ten years, but be required to pay interest rates that periodically increase at such rates that the student and not the federal government would bear the cost of extended repayment periods. The repayment period could be extended to 15 or even 20 years, depending upon the size of the debt. The guarantee would cover the entire life of loan. An example of how this might work would be:

At the start of repayment or within three years, the borrower may select a repayment period of up to 20 years for retirement of the principal amount of the indebtedness plus interest. The interest during the first three years shall be at the average interest rate of the original loan(s), and the interest rate shall increase by one-half of one percent annually. The special allowance payment to the lender shall be reduced by a like amount until the borrower pays an interest charge which is equal to or exceeds the interest and special allowance costs which would have been paid to the lender if the extended repayment plan had not been selected. At this point the interest charges for the subsequent twelve-month period will be equal to the interest and special allowance the lender would have received in the quarter previous to this point if the extended repayment plan had not been selected. Annually thereafter the interest rate will be adjusted to reflect a rate equal to the interest and special allowance the lender would have received the previous twelve months if the extended repayment plan had not been selected.

Another alternative would be to charge a higher, but flat, rate of interest to borrowers who choose repayment periods that are longer than ten years.

11. Increase the minimum monthly payment to $75 for all new borrowers. It is unrealistic to recommend higher loan limits and longer repayment terms without corresponding increases to the actual minimum monthly repayment amounts.

12. Encourage and permit states to return all federal advances to the federal government within a reasonable time frame based on an independent determination of the overall financial condition of the agency's loan guarantee program. As state guarantee agencies become more firmly established financially, it is appropriate that some of the cost of the GSL Program be shared by them.

13. Limit the total fee charged to students (insurance premium) to 3% of the loan amount. Guarantee agencies shall be authorized to charge a flat fee to all students.

14. Allow for loan consolidaton by all eligible lenders and holders of loans in the GSL Program. In addition, guarantee agencies should have the ability to guarantee loans consolidated by eligible lenders within the state.

15. Federal income tax refunds due to defaulted borrowers, at the request of the guarantor, should be applied to their defaulted loan indebtedness. Similar requirements have been successfully implemented at the state level in some states. It is not unreasonable for the federal government to use such leverage, given the ample opportunity a student has to repay the loan before such action would be taken.

16. At the request of the guarantor, garnishment of wages would be allowed in any state.

17. In order to maintain a reasonable sharing of the cost of reinsurance between the federal government and state guarantee agencies, retain the current methodology for reinsurance.

18. For the administrative cost allowance (ACA), retain the existing ACA of up to 1 percent of loans guaranteed annually.

19. A statute of limitations of at least six years on defaulted student loans should be established in federal law. States with longer statutes would not be affected.

20. Guarantee agencies should be authorized to raise the interest rate on all defaulted student loans by 3 percent over the rate in effect at the time of default on all new loans.

[Revised as of February 14, 1984]

Position Paper on the Reauthorization of the Guaranteed Student Loan Program and Other Title IV Programs Presented to the NCHELP Board of Directors—February 2, 1984, by the NCHELP Reauthorization Committee, Peter Keitel and Joe L. McCormick, Co-Chairmen

Introduction

This NCHELP position paper propose to make 20 specific recommendations around three major themes:

1. Reaffirmation of the fundamental soundness and effectiveness of the GSL Program.
2. Simplification and stabilization of the GSL Program.
3. Realistic distribution of cost for the GSL Program.

In reaffirming the soundness and effectiveness of the GSL Program it is important to emphasize that the GSL Program is the major source of financing postsecondary education today. It should also be pointed out that Congress has made throughtful decisions in order to make the GSL Program operate as a viable credit mechanism, depending primarily on private loan capital, and to promote effective decentralized, state-based program administration. Our position on reauthorization reaffirms the need for stability and Congressional commitment to protect lender incentives to participate and to maintain a high level of access to all eligible students in every state.

The Fundamental Soundness and Effectiveness of the GSL Program

Since its beginning in 1965, the GSL Program has provided over $30 billion dollars in loans to students pursuing postsecondary education. During this same period, the Program has evolved into a decentralized, state-based mode of administration which has contributed much to the overall success of the Program. This success can be measured in terms of broader, more active lender participation, greater access to student loans, more viable secondary market activity, and lower default rates in state guarantee agency operations than occurred under the centrally-administered FISL Program.

In the coming months Congress will consider the reauthorization of all federal student assistance programs. Serious questions will be raised concerning the future role of the federal government to meet the nation's needs for trained manpower, to provide economic stability, to control inflation, to encourage excellence in our educational system, and to meet the everchanging demands of a rapidly developing technological society. Congress will re-examine its long-standing commitment to provide equal educational opportunities to the American people and hopefully move forward to renew that commitment and expand its support for all Title IV student assistance programs.

In the belief that the GSL Program is a cornerstone in the nation's effort to remove financial barriers to postsecondary education and that, overall, the GSL Program is fundamentally a sound and effective means of removing financial barriers, three major recommendations are offered:

1. Recognizing a need for a proper balance between grant funds and loan funds for needy students, substantial increases should be made to the federal grant programs to insure that needy students are not overly reliant on loans to meet their educational costs, particularly in the lower division undergraduate student population. GSL default experience will definitely be affected by the funding balances achieved for grants and loans to needy students in the years ahead.
2. The GSL Program should be maintained and enhanced to:

(a) assure the proper funding balance between available loan and grant funds to needy students as described in Recommendation #1,

(b) protect the true entitlement concept of the Program,

(c) encourage private lender participation in the Program by maintaining the current special allowance rates,

(d) insure the continued state or private, nonprofit responsibility for administration of the Program, and

(e) maintain a stable environment in which to provide an adequate supply of loan capital.

3. Provide total access to student loan capital to meet determined eligible educational costs to all eligible borrowers in every state by:

(a) requiring a state-approved mechanism to provide a public or private lender-of-last-resort program to be made available in that state to assure access to subsidized loans.

(b) increasing the annual and aggregate loan limits according to the following schedule: as of the effective date of the legislation, the annual limits for undergraduate students shall be $4,000 and $8,000 for graduate students; the aggregate limits shall be $20,000 for undergraduates and $40,000 for graduate students. Congress should periodically review these limits.

THE NEED FOR GSL PROGRAM SIMPLIFICATION AND STABILITY

Since 1958 the number of federal student aid programs has multiplied and evolved into a very complex, difficult to administer, highly over-regulated matrix we call the "student aid delivery system". At almost every legislative opportunity, attempts to simplify these programs have been debated, discussed, and ultimately discarded with few positive results. This continued proliferation, as well as the complexity of student aid programs, has made total access for students and the removal of financial barriers more difficult with the passage of time and regulations. If Congress and the higher education communities are serious about moving forward to fulfill our national commitment to provide equal educational opportunity for all eligible students, then meaningful steps must be taken *now* to simplify student aid programs. No less important is the need to reauthorize the programs within a framework that provides consistency and stability, assuring eligible students and their families that student aid funds will be available in the years ahead. In this context the following recommendations are made:

4. Incorporate all federal Title IV student loan programs into the GSL Program (NDSL and FISL). Since FISL is being terminated administratively by the Dept. of Education, it should be eliminated legislatively. For institutions participating in the NDSL Program, allow them to continue an institutional loan program (at the option of the institution), or, as eligible lenders under the GSL Program, utilize NDSL funds in their need-based grant and/or a work-study program. This would provide additional assurances to the institutions of the continued availability of loan capital for students served by these programs and also provide a guarantee of the fund corpus which they do not now enjoy. The guarantee provided these loan funds would apply only to new borrowers after the effective date of this legislation.

5. Restructure the legislation authorizing the PLUS/ALAS Programs to clarify the goals of what really are two separate programs and simplify the administration of these programs in order to increase the supply of loans available to meet the needs of both parents and students as follows:

(a) The current section authorizing the Auxiliary Loans to Assist Students Program (Section 428-B) of the Higher Education Act should be replaced with two sections: one authorizing a supplemental; nonsubsidized loan program for students and a second authorizing Loans for Parents. This new Supplemental Student Loan Program would have the following features:

(1) The maximum interest rate would be 12%.

(2) Students, at the option of the lender, would be given a choice of paying the interest while they are in school or having the interest capitalized at the close of each calendar quarter.

(3) Department undergraduate students, as well as graduate students and independent undergraduate students would be eligible for these loans.

(4) The annual loan limit: would be $4,000 and the aggregate loan limit would be $20,000. These limits would be in addition to any amounts borrowed through the GSL Program, not to exceed the total cost of education minus other financial aid, not including parent contributions.

(5) The loans would have the same repayment terms and grace periods as regular GSL loans. Special allowances would be paid. These loans should have the same consolidation provisions as regular GSL loans. In summary, the nonsubsidized supplemental loans should have exactly the same terms and conditions as the regular guaranteed student loans with two exceptions: the interest rate of 12% and the absence of the federal interest subsidy.

(6) Notwithstanding the annual loan limits of this new Supplemental Nonsubsidized Loan Program, any students who have received loans in the past under Section 428-B should be able to refinance those loans under the new program.

(b) The new Loans for Parents Program would have the following features:

(1) The maximum interest rate would be 12% and special allowance would be paid.

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(2) Parents would be able to borrow $4,000 per year for a student limited to the total cost of education minus other financial aid, not including parent contribution. The student could be a graduate or undergraduate student. The aggregate borrowing limit would be $20,000 per student. These amounts would be in addition to any amounts borrowed by students.

(3) Other than the unemployment deferment, parent borrowers would not be eligible for any of the deferments available to student loan borrowers.

(4) When a parent borrows for a dependent child, the parent should be able to refinance any previous loans taken for that child and consolidate those loans with the new loan. This would include any loans previously taken out under the PLUS Program as previsouly authorized under Section 428–B. This consolidation opportunity should include old loans, including 14% loans, which would be refinanced at the 12% rate.

(5) The maximum repayment period on parent loans would be ten years from the time a loan is taken out or refinanced.

(6) All other terms and conditions of the new parent loan program would be the same as the program currently in law.

6. Determine the eligibility of a student to receive a subsidized GSL by the method described below:

For students with an AGI (adjusted gross income) of over $30,000, the maximum loan amount would be equal to total cost of education less financial aid received less a "credit eligibility index" (CEI). The CEI would be established by law, either by means of a formula or benchmarks for a table. The CEI would be used in the same manner as the current GSL Contribution Tables. Separate indices would be established for dependent students from one and two-parent families, independent students who are married, single, or single heads-of-household. The CEI would be based on family size and the AGI in the tax year prior to the academic year in which the loan is made; however, campus aid administrators could exercise professional judgment in amending the CEI in those cases where there has been exceptional changes in family circumstances.

Students with AGIs under $30,000 would not receive loans in excess of $2500 for undergraduates and $5000 for graduate students unless their eligibility is determined using the CEI. Any student eligible for less than $500 but more than $1 would receive $500. The amount of the loan in combination with other aid could not exceed the total cost of education.

7. Changes specific to the administration of the GSL Program which would simplify and/or stabilize it include:

(a) eliminating the maximum repayment rule of 15 years.

(b) allowing half-time students an in-school deferment.

(c) Standards for foreign school participation in the GSL Program should be established in statute.

(d) The initial grace period after the student's in-school period should be returned to a 9 month period. Borrowers with one or more loans eligible for a 6 month post-deferment grace period should receive the post-deferment grace on all their loans.

(e) Agencies should be permitted to retain a flat 30% of collections on accounts in default.

(f) The statute should provide that subrogation would not apply to an agency that, in any fiscal year, collects an amount equal to or greater than 4% of the total balance of loans in default at the close of the previous fiscal year.

8. Empower state-level secondary markets and/or direct lenders to generate student loan capital by use of public purpose, tax-exempt bonds in order to maintain an adequate and stable supply of loan capital.

REALISTIC DISTRIBUTION OF COST OF THE GSL PROGRAM

In recent years with the dramatic increases in GSL volume nationwide and the unpredictably high interest rates at certain periods, there has been growning concern over the questions of controlling the costs of the GSL Program and who should share in those costs. Recognizing the need to structure the GSL Program in such a way as to distribute the costs in a reasonable manner to all parties involved (lenders, students, state guarantee agencies, and the federal government), one must approach the distribution of costs in a realistic manner which maintains as much equity as possible without threatening the viable role of any one of the parties. It should be recognized first and foremost that the major burden of cost must be borne by the federal government for the Program to work effectively in all states and to maintain total loan access to all eligible borrowers. No less important, it should also be recognized that the major cost-contributing factor, interest rates, must be con-

trolled by the nation's overall economic and monetary policies and not by manipulation of the fundamental aspects of the GSL Program.

In meeting the challenge of providing a viable credit mechanism to remove financial barriers to postsecondary education in the years ahead, great care must be taken in the reasonable distribution of the cost of the GSL Program not to inhibit the Program's ability to:

(a) provide total loan access to all eligible students,

(b) maintain adequate and continued private lender participation,

(c) promote a stable environmental for maintaining an adequate supply of loan capital year after year, and

(d) control student defaults at reasonable levels. With these guiding principles in mind, the following recommendations are offered:

9. Eliminate the 5% loan origination fee.

10. Allow students with larger than average indebtedness to extend their repayment period beyond ten years, but be required to pay interest rates that periodically increase at such rates that the student and not the federal government would bear the cost of extended repayment periods. The repayment period could be extended to 15 or even 20 years, depending upon the size of the debt. The guarantee would cover the entire life of the loan. An example of how this might work would be:

At the start of repayment or within three years, the borrower may select a repayment period of up to 20 years for retirement of the principal amount of the indebtedness plus interest. The interest during the first three years shall be at the average interest rate of the original loan(s), and the interest rate shall increase by one-half of one percent annually. The special allowance payment to the lender shall be reduced by a like amount until the borrower pays an interest charge which is equal to or exceeds the interest and special allowance costs which would have been paid to the lender if the extended repayment plan had not been selected. At this point the interest charges for the subsequent twelve-month period will be equal to the interest and special allowance the lender would have received in the quarter previous to this point if the extended repayment plan had not been selected. Annually thereafter the interest rate will be adjusted to reflect a rate equal to the interest and special allowance the lender would have received the previous twelve months if the extended repayment plan had not been selected.

Another alternative would be to charge a higher, but flat, rate of interest to borrowers who choose repayment periods that are longer than ten years.

11. Increase the minimum monthly payment to $75 for all new borrowers. It is unrealistic to recommend higher loan limits and longer repayment terms without corresponding increases to the actual minimum monthly repayment amounts.

12. Encourage and permit states to return all federal advances to the federal government within a reasonable time frame based on an independent determination of the overall financial condition of the agency's loan guarantee program. As state guarantee agencies become more firmly established financially, it is appropriate that some of the cost of the GSL Program be shared by them.

13. Limit the total fee charged to students (insurance premiums) to 3 percent of the loan amount. Guarantee agencies shall be authorized to charge a flat fee to all students.

14. Allow for loan consolidation by all eligible lenders and holders of loans in the GSL Program. In addition, guarantee agencies should have the ability to guarantee loans consolidated by eligible lenders within the state.

15. Federal income tax refunds due to defaulted borrowers, at the request of the guarantor, should be applied to their defaulted loan indebtedness. Similar requirements have been successfully implemented at the state level in some states. It is not unreasonable for the federal government to use such leverage, given the ample opportunity a student has to repay the loan before such action would be taken.

16. At the request of the guarantor, garnishment of wages would be allowed in any state.

17. In order to maintain a reasonable sharing of the cost of reinsurance between the federal government and state guarantee agencies, retain the current methodology for reinsurance.

18. For the administrative cost allowance (ACA), retain the existing ACA of up to 1 percent of loans guaranteed annually.

19. A statute of limitations of at least six years on defaulted student loans should be established in federal law. States with longer statutes would not be affected.

20. Guarantee agencies should be authorized to raise the interest rate on all defaulted student loans by 3 percent over the rate in effect at the time of default on all new loans.

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Mr. SIMON. Our final witness is Dr. John Corrozzi, the executive director of the Delaware Postsecondary Education Commission.

STATEMENT OF JOHN CORROZZI, EXECUTIVE DIRECTOR, DELAWARE POSTSECONDARY EDUCATION COMMISSION

Mr. CORROZZI. Thank you, Mr. Chairman, and members of the subcommittee.

I am director of the Delaware Postsecondary Education Commission. Today I am here as a member of SHEEO and speaking on behalf of SHEEO, the State higher education executive officers.

SHEEO recognizes the importance of a Federal role in and encourages stronger Federal support of higher education. The Federal Government, through the Higher Education Act, has accomplished a great deal, and we believe has even greater potential for ensuring access to postsecondary education, for supporting the maintenance of quality and innovation, and promoting national priorities.

SHEEO appreciates the direction that you have taken, Mr. Chairman, in the proposal for reauthorization of the Higher Education Act, and has comments and positions on each of the titles of that act. These will be submitted to the committee in writing in the very near future for your consideration.

Mr. SIMON. We will at this point enter into the record, your full statement, which contains at least a summary of those recommendations.

Mr. CORROZZI. Yes, sir.

Mr. Simon, in my short time here, I would like to discuss an issue that is central to SHEEO's position on each of the titles, and more generally to the State/Federal relationship in higher education.

Eleanor McMahon, commissioner of higher education for the State of Rhode Island, who shares the table with me today—Rhode Island and Delaware are both small States, very small States, and yet, our higher education system, the structure and the composition of institutions within our States, are very different. Our States are each very different in structure and context from those in Illinois and Texas and New York and Pennsylvania, and so on.

The State differences are not surprising, and I am sure are not surprising to Congress. Congress has traditionally—and it seems has increasingly—recognized the uniqueness of States and their need to exercise local judgment in the implementation of national programs.

It seems, however, a consideration of the State role in Federal higher education programs has been eroding. All States represented by SHEEO's are very different, but there is a common thread that runs through our very different States. This thread is that each State higher education agency must wrestle with the allocation of scarce State resources among the various segments and levels of our higher education systems. Increasingly, State higher education agencies are putting in place long-range plans for the orderly and effective development of higher education, plans that ensure against duplication and waste, while aiming to increase quality, equity and diversity.

The support of higher education at the State level constitutes a large share of total State fiscal resources. Its effective and efficient use is increasingly at issue.

Federal policy and Federal funds are a necessary and important part of higher education in all States. Federal higher education policy should recognize a responsibility of States to plan and coordinate the provision of higher education within their boundaries, including the establishment of priorities unique to each State. Federal policy should stress flexibility in the promulgation of laws and regulations that recognize the differences among States and the limitations they face when attempting to respond to changes in Federal requirements.

The State higher education agencies have responsibilities that must be integrated into Federal higher education legislation to ensure the Federal programs are, in fact, consistent with the concept of Federal/State partnership and the primacy of States in providing education. The role of the State higher education agency should be considered as each Federal program is evaluated.

While there are clearly programs for which State involvement is unnecessary, it is SHEEO's position that certain of the existing Higher Education Act programs require more direct State agency involvement. As a State official is charged with the oversight and coordination of higher education, the members of SHEEO do not seek displacement of the Federal role; rather our proposal is intended to bring the relationship between our agencies and the Federal Government into harmony as required for the accomplishment of the objectives that we all agree must be achieved.

An example of the Federal/State partnership that we seek can be stated with relationship to title I of the Higher Education Act, adult education and training. The title, we believe, should be provided on a population-based formula to the State higher education agencies. Title I funds then should be distributed from the State higher education agency on a competitive basis to eligible entities within each State. Equitable treatment of public and independent institutions should be mandated. The funding of non-institutional providers should be authorized. Funds should be available to support statewide or regional adult learning information, counseling and testing services.

The provision of adult learning services is uniquely a locally oriented activity. It is closely related to the economic well-being of the State and its communities, and tends to encompass a broader range of providers, including the business community. A strong State role in guiding the utilization of the available resources, particularly taking into account the substantial State-level commitment to economic development, is essential to ensure both the effectiveness and the efficiency of programs aided.

Title II, support for libraries, is another example where relevant State interest must be considered. The increasing incidence of regional library systems within States and the allocation of State resources to library coordination makes essential the opportunity for review and comment at the State level.

Another case for review and in addition to review approval at the State level involves title III, institutional aid. Institutional support applications should require the review and approval of the

State higher education agency as to whether the proposed program is in compliance with State plans and has the requisite approval. As stated earlier, most States have a higher education plan in effect and, for that plan to be working at cross-purposes with Federal programs, would indeed be a waste.

In the interest of brevity, I will not review each of the titles of the act. Our message today is a single one. The State/Federal partnership must be considered in higher education legislation.

In closing, Mr. Chairman, SHEEO appreciates the direction you have taken in the reauthorization of the Higher Education Act. In the context of these hearings and as reauthorization proceeds, SHEEO will provide further detail and comment toward the advancement of our mutual interests in supporting and furthering the goals of our Nation's system of higher education.

Thank you.

Mr. SIMON. We thank you. We thank all three of you for excellent testimony.

Commissioner McMahon, you say, "I do have one major concern regarding the Perkins scholarship proposed for title V," and so forth, and that is the cost to you. Rhode Island, presumably, would get around 25 scholarships. You would have to process, of course, presumably, several hundred applications for those 25. What kind of cost burden is this? Is this unrealistic to simply ask you to assume that, or is it a burden that—we are trying to keep costs down, obviously, as we put this thing together.

Ms. McMAHON. Right. It is a problem for an agency such as ours. We simply don't have any play in terms of our staff resources to take on that additional activity.

Now, it would be obviously a much larger problem to larger States, but it is proportionate.

Mr. SIMON. Yes. So that even if we could work out—and I am thinking out loud here now—if we could work out some kind of a population-based, assuming maybe it would cost you $100 or $200 to process each scholarship——

Ms. McMAHON. Yes, some kind of formula that would allow us to bide the time necessary. Probably in this case some kind of part-time assistance to do this would be of great assistance.

Mr. SIMON. All right.

Dr. Cronin, you made a number of intriguing suggestions. One is the 3-percent penalty on default, which I think makes some sense all the way around.

Another that I think we ought to be looking at is that half percent increase, graduated increase, after 3 years out. Again, there would be some savings to the Federal Government on that.

Our reason for not going to a higher figure on GSL's, really, is a dual one: one—even though some of my colleagues here will not believe it—I am trying to keep the cost of this program down; and two, we really want to shift to a grant emphasis rather than a heavy loan emphasis in the program, for a great variety of reasons.

But I was interested, as I went through your written testimony, in your supplemental student loan program suggestion. Do you want to expand on your idea here at all?

Mr. CRONIN. Yes. We have had a number of experiences on the graduate side with taking the Plus Program and trying to make a

program designed for parents to fit the need of graduate professional students. Frankly, it has been very awkward, frustrating and difficult to make it work. Gradually, we are finding ways to do it. But it has been difficult, and it hasn't reached the growth of the popularity that the folks at OMB, or even some of our people who have been advocates of the Plus Program, thought it would go.

Many of the seasoned old hands say that back in the 1970's, we had some semisubsidized programs and we had some unsubsidized programs that really worked. Some people who were not eligible, and what they got was, in effect, a close-to-market-level loan, and it was guaranteed, but there was no huge cost to the Federal Government. So we have some people in the middle-income brackets and we have some graduate professional school students whose spouses may be working who would be eligible for an unsubsidized but guaranteed supplementary program.

The other problem is that if you hold down the loan limits, given the cost of graduate professional education, which is moving up $12,000, $15,000—we have a veterinary medical school in New England that costs $19,000 a year. To an extent, they are eligible by HEAL, but that program went up to 17, 18 percent at one point. Someone said it shouldn't be called HEAL, it should be called gash or maim or wound at those interest levels.

So we are looking at a program that would be in the 12 or 13 percent bracket that would be available to middle-income students and would not cost the Federal Government that much money. So this would be, looking at it conservatively, bringing back the old guaranteed but unsubsidized loans of the 1970's. It will modify it a little bit for the 1980's.

Mr. SIMON. And that would be available in addition to whatever GSL or Pell grant or whatever else that the student might have.

Mr. CRONIN. That is correct, yes.

Mr. SIMON. That is an intriguing idea.

I don't quite understand the point two here: "At the lender's option, the student would be given the choice of paying interest while in school or of having the interest capitalized at the end of each calendar"—that interest, at the end of each quarter then becomes part of the principal of the loan then.

Mr. CRONIN. That is correct. For a 2-year master's program, you might borrow $4,000 a year and, by the time you finish accruing and capitalizing, you might owe $9,000 at the end of 2 years. But you would have understood that. The alternative is to go find someone else in your family or a friend who would pay the quarterly payments, and that may be several hundred dollars each quarter. That is the alternative.

Mr. SIMON. That is an intriguing idea.

The special allowance. One alternative that has been suggested to what is now in the bill is that we allow 3½ percent the first year and then 3 percent after that.

Mr. CRONIN. I would advise the committee and staff to check with some of the larger bankers. We have three or four lenders who deal in many States, New York City, California, and the like. They should find out what they think the impact would be on the continued participation of the program. That would be step one.

Second, we have 28 State secondary markets, including the Illinois designated account program. Also, you ought to consult with Sallie Mae and find out whether or not they would be able to finance the purchase of these loans to make banks liquid 3 or 4 or 5 years down the road in case there is another liquidity crisis which we have just come out of. In 1984, banks looked pretty healthy. But the savings and loan associations and the savings banks of this country in 1980 and 1981 were suffering severe problems of liquidity. It just sounds so modest, 0.5 percent interest. But in some cases, that is the margin that we keep them or drive them out of continued student and parent loans.

So do consult with the State secondary markets, the larger banks, and some of the other associations as well.

Mr. SIMON. Dr. Corrozzi, you have one statement in here that grant programs for undergraduate facilities and graduate facilities should be consolidated into a single program. Do you have any specific problems that you are concerned about with that statement?

Mr. CORROZZI. One reason for that, again going back to the issue of State planning and State flexibility, is to be able within a State to utilize State funds and Federal funds for the construction of academic facilities, and to have the flexibility to use those where they are properly needed at that time.

Mr. SIMON. Mr. Owens.

Mr. OWENS. I have a question of Dr. Cronin. I am troubled by a sense of guilt that seems to run through some of your proposals, being apologetic about the fact that the Federal Government and the taxpayers are subsidizing students, some of the proposals to take back, to block, some of the interest deductions from students—you know, less generous than we are to corporations in terms of deductions and the kind of subsidies we permit.

If you look at people who receive higher education as being a national asset, an educated populace being the Nation's greatest asset, should we not be a little more generous, having gone to the loan format as one of the ways to finance higher education, since we cannot afford to give all grants?

I just wondered if you could comment on just one thing that you didn't comment on, and maybe you considered that not within your purview, and that is the forgiving of loans to those students who are engaged in activities which meet some national priority. For instance, forgiving loans to teachers, given the crisis in teaching and the lack of good teachers. That has not been discussed at all, and I wondered if you would comment on that. The national priority is for teachers today, it might be rocket experts tomorrow or some other category. But if you view those folks as being an asset and the activity they are engaged in fits in with some national priority after they have graduated, if you can let them know ahead of time, within periods of 10 years, students going in would know that if you go into teaching, your loan is going to be forgiven. That becomes a very important stimulus in terms of getting more good students into teaching. Could you comment?

Mr. CRONIN. Yes. At least two dozen States have either enacted or are in the process of putting into place loan forgiveness programs for math, science and, in some circumstances, computer teachers, bilingual teachers, to meet shortages in their States. In a

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way, it is going back to the old NDSL program which had those forgiveness provisions.

I testified before the Massachusetts Legislature about 2 weeks ago, and I was asked the same question, Mr. Owens: What did I think about it? I said, No. 1, the problem of recruiting teachers and holding them in our professions is not going to be solved by forgiving a $2,500 or a $4,000 loan. It is going to be solved by getting teachers' salaries up from $10,000 and $12,000 to $18,000 and $20,000, and let's not use loan forgiveness program, an old solution, as an adequate response to a program that is much more substantial.

I know that Congressman Perkins and Congressman Simon and others who have served on the committee are looking at merit pay and the adequacy of compensation for teachers. I don't want to say that loan forgiveness programs are a band-aid, because they can be helpful as part of a package, but I would much rather see the kind of Perkins scholarships and grants that are in your bill as of this moment as a way to support their education while they are in school, and I would much rather see some kind of national commitment or State-by-State commitment to get beginning teachers' salaries up, it not to doctors and lawyers, at least to accountants and engineers and other in the kind of middle-range professionals. That is the solution that we need.

The idea of eliminating income tax deductions for GSL borrowers, this we don't think is a very useful proposal either. There are some major things the States and local school systems, with a little stimulation from the Federal Government, should do. The loan forgiveness may work in some States, it may work for 5 years on some shortages, but there is no substitute for adequately raising teachers' salaries.

Mr. OWENS. Raising teachers' salaries, an instrument of State and local school board policy, you have a network of voters to go through there, and the resistance to raising teachers' salaries is quite considerable. Are you saying that we should not push harder for some national policy actions which would encourage teachers?

Mr. CRONIN. I am excited about what California has done recently in knocking out the first three or four steps of the teachers' salary schedule and getting it up to $17,000 or $18,000. I am impressed by what the New York State Legislature did early this week in putting in $450 million into education. I see States like Tennessee and Maryland considering ratical changes in the way they are financing education. All of these are very, very positive.

I would not want the Congress unintentionally to put in a couple of proposals NDSL style that would water down the absolute priority of getting teachers' salaries up.

If school boards or State legislatures can say why should we pay these teachers any more money, they are getting their loans forgiven—but it would only be several thousand dollars—it may not be a powerful enough strategy is my concern.

Mr. OWENS. Thank you.

Mr. CRONIN. By the way, my oldest daughter is a teacher in the second grade in the public schools of Massachusetts, so I know she would rather see her salary up than her loan forgiven.

Mr. SIMON. Mr. Penny.

Mr. PENNY. Mr. Chairman, I would like any of the panelists to discuss their concept of a private partnership in meeting some of our education needs.

I apologize if you have covered that in some of your testimony. I had to go greet a group of constituents. If we are traveling the same ground, then abbreviate your remarks so that you don't bore my colleagues with the same stuff you have already told them.

Ms. MCMAHON. You are referring to the business/industry partnership?

Mr. PENNY. In terms of meeting training needs and equipment needs, following up on the kind of comments that were made by our first speaker today.

Ms. MCMAHON. If I may?

Mr. PENNY. Yes.

Ms. MCMAHON. I think that that is a critical priority and it should be at the State and the national level.

In New England, New England has had a historic commitment to higher education, and has had a significant edge in funding higher education over the years. It is losing that edge. It is our belief in New England that it is critical we forge a partnership between business/industry and higher education, both in terms of training and retraining, of those in industry as industry changes and moves toward more technologically supported levels, and also in terms of gifts of equipment, funding of faculty chairs, that kind of thing.

I think we have a mutuality of interest in Rhode Island in exploring that under the rubric of a strategic development commission, which is a commission stimulated by a report from the education sector of the New England Board of Higher Education, but comprised of 19 members, including education leaders as well as leaders of business and industry. In the process of undertaking a comprehensive review of the State's economy, it has become apparent to that commission that there is a symbiotic relationship between the health of the economy and the health of higher education, and that we must be about the business of that partnership.

More specifically, what we are looking at is the State support for training, onsite training, for business and industry to be conducted by our vocational schools, and our community colleges in particular.

Also, as I mentioned earlier, we have introduced some legislation at the State level for forgiveness loans—excuse me, for a corporate tax credit for gifts on the part of business and industry to institutions of higher education in the science and technology area. We also are asking for State support for the establishment of research greenhouses, which would be a partnership between the research in universities and business and industry.

So I consider this a particularly important area, and feel that there must be a complementary kind of activity at both the State and Federal levels. Some States, such as Rhode Island, have very limited capacity to engage in this kind of activity. I think that the Federal role is to ensure that all States develop this potential.

Mr. CRONIN. Mr. Penny, you have been such a staunch advocate of student loans, both in the Minnesota Legislature and in the Congress, that I needn't remind you that the largest program of public/private cooperation is the Guaranteed Student Loan Pro-

gram whereby the banks can give you $7 billion and the cost to the Federal Government is $3 billion a year. That has been through the last couple of years, and probably will be true of the next few years.

The Greater Boston Area Chamber of Commerce has an education committee which I chair, and we recently took a stand in favor of making sure that the corporate tuition payments continue to be exempted from the earnings of their employees. I think we are going to see in the next 10 years even more corporate participation of continuing education, adult education, life-long learning, for their own employees. That has to be restored by the House and Senate in action, I think, very, very soon. So it is a very important priority.

In Massachusetts, we have had a lot of help from Digital and from IBM in terms of computer equipment in the schools. Computer literacy is absolutely vital, not only for the high-tech fields, but for insurance companies, banks, government, organizations such as our own who are increasingly reliant on data bases and the knowledge systems. So that kind of assistance, if not through this bill, then through the math and science legislation which is wending its way through the Congress, is terribly important.

Mr. PENNY. Mr. Corrozzi, did you want to respond to that?

Mr. CORROZZI. Just a final point. I could go on and talk about some of the things happening in my State and some of the programs occurring across the country.

I think there is no doubt that States are attempting to forge these partnerships, that the Federal Government is attempting to bring programs that will facilitate them, and certainly individual colleges at all levels are attempting to establish business partnerships. Is there anything else to say but this is good and it seems to be mutually beneficial.

I do think, however, as we look at these programs, we need to be concerned about what their effect is sometime down the road, the equity issues. We know about business, the great sums of money that corporations put into education for their employees. Some studies recently conducted on that issue look at the distribution of employees being trained by institutions, that is, it may not meet the classic equity goals that the Federal Government has been looking for in postsecondary education in general. Corporations teaming with colleges will not necessarily team with all colleges, or certain kinds of corporations will establish relationships with other colleges.

So, all I am saying is this is good. There are a lot of programs happening, but I think we have to look at the total establishment of higher education and see what the differential effects of the various arrangements are. Certainly many of the things we have talked about here and in other hearings this year relate to the Job Training Partnership Act, its success, and as we are here talking about the Higher Education Act, I wonder what mechanisms there are through that to coordinate programs like that, as well as the other partnerships we seek.

Mr. PENNY. In particular, I would like to have Mr. Cronin respond to this question, but the others may want to add some thoughts from their perspective.

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What would you advocate as a response to the financial needs of the growing population of nontraditional students, those who don't fit our current student financial aid criteria?

Mr. CRONIN. Nontraditional students is an umbrella word, and it includes almost anybody over 21 or 22 who doesn't have a family, or at least parents to support these students, but includes people who are ambitious but already on the way to becoming well to do and, in some cases, whose companies will pay for their education. So I don't think we need to design programs for them other than, as I just said, to make sure that that doesn't get taxes as a benefit for their corporation.

I suspect you are referring to the adult, which may include adult minority, an adult on public assistance, folks on AFDC, who would like to go to college to try it out maybe for one course a semester or two. Unfortunately, those folks are not eligible for student loans. For the most part, they aren't eligible for many of the State programs. Maybe we have got to have provision in this bill for some kind of pilot program—limited—whereby a person who has two or three children, is the sole supporter of that household, can go to college for a semester or two and take one course and try it out and get into a routine where they can possibly qualify for taking two courses the second, third, or fourth semester.

It may mean higher education or an associate degree or a technical education degree will take more than the usual timeframe. It may extend it by 2 or 3 or 4 years. But there has been some fantastic success in a number of States, including New Hampshire and Massachusetts, getting folks off public assistance and welfare, not through workfare, but through higher education and through technical training, getting their incomes up from $8,000 or $9,000 a year to $13,000 or $14,000, which is enough of a jump to make it possible to get off public assistance. We need to have a higher education policy that is compassionate and that enables that to take place.

The second thing to fight to preserve is the TRIO programs, the special assistance, the EOC counseling centers which, in our State and many other States, reach out to these adult students, nontraditional students, and provide advice on how to work their way through the maze of State and Federal programs, how to line up day care.

In fact, in a letter that I will send to the chairman of the committee, one of the features these nontraditional students may need is adequate consideration of child-care costs, day-care costs, in the cost of education. Having a babysitter for the one or two children at home, the young children may cost as much as $3,000 a year. So that should be an allowance factor in the cost of education. That would clearly help many of the adult women who would like to go to school, but have people at home and must pay a babysitter to come in.

Mr. PENNY. It seems to me that is a particularly crucial area, as women who have been at home and out of the work force decide that they want to pursue academic training or vocational training are not only saddled with the cost of the education, they are saddled with incidental costs like day care, and all of that is made even more difficult because of a family income situation that may

disqualify them from the financial assistance that is available to what we consider traditional students.

Mr. CRONIN. That is true. If there is another wage earner, and if there is another income, then our proposal for a supplementary student loan program may, under some circumstances be very, very useful to the adult learner.

Ms. MCMAHON. I would like to reinforce both points that Mr. Cronin made.

We have had extraordinary results with an EOC program in the inner city which has given access to people in that area to higher education, both at the associate level and at the baccalaureate level. It has been critical to that community.

In addition, one of the things we find in Rhode Island is that we have a larger percentage of women at entry-level jobs and a smaller percentage in management and professional jobs than the rest of the Nation. We find that that trend is being exacerbated. While, in the rest of the Nation, the number of women moving up in the management and professional jobs is increasing, in Rhode Island it is decreasing slightly, but, nevertheless, decreasing.

It is very important for purposes of equity for women in disadvantaged groups, minorities, to have this opportunity to access higher education initially, at least on a part-time basis. We initiated in our State college a performance-based admissions program designed just for that population. But the heartbreaking thing about it is the lack of aid for people who have got to start out on a part-time basis.

Also, one of the other things in the equity area that we are concerned about is the fact that job opportunities for women at the entry level often require more literacy than they do for men. There are frequently job opportunities for men that are basically manual labor, that kind of thing. So, again, I think the connection between equity and the provision of assistance for part-time students is very important.

Mr. PENNY. Thank you. I appreciate your comments.

Mr. SIMON. We thank the three of you for your testimony.

We will recess until 1:30 at 2261 Rayburn.

[Prepared statement of Douglas R. Seipelt follows:]

PREPARED STATEMENT OF DOUGLAS R. SEIPELT, DIRECTOR, COLORADO GUARANTEED STUDENT LOAN PROGRAM

Mr. Chairman and Members of the Committee: I am Douglas R. Seipelt, Director of the Colorado Student Loan Program. It is a pleasure to speak to you concerning the reauthorization of the Higher Education Act as embodied in HR 5240 and specifically the sections which deal with the Student Loan Program.

The reaffirmation of the Guaranteed Student Loan concept is most important to anyone concerned with financing educational cost, both today and in the future.

Federal involvement in all forms of financial assistance is the cornerstone of educational access for thousands of needy students and is a responsibility that cannot be delegated. This bill reallocates major federal resources for needy students through expansion of the Pell System and increased borrowing capacity for eligible students under the Guaranteed Loan Program.

I believe that regardless of what the need may be for educational credit, a balance of federal resources available must be struck between loan and grant funds. This bill recognizes that balance and makes additional grant funds available for the needy students, thus reducing the necessity for those students to borrow money.

The federal role in financing educational costs for needy students has, in my opinion, been well thought out in this legislation. However, one major gap remains: we must also recognize the credit needs of middle class families.

As you know, the original target for the subsidies provided in the Guaranteed Student Loan Program was the so called middle class family. The intent of the program was to allow students and families with cash flow problems to borrow their education costs now and pay later with income that was expected to increase as a result of the educational experience. This philosophy existed from the start of the program in 1965 until 1981.

In 1981, a major shift of congressional policy took place concerning the loan program. This was due to two major factors:

(1) Increased federal deficits causing program cutbacks and,

(2) Increasing pressure from the Financial Aid Community to flow more grant and work funds to qualified needy students instead of loan subsidizes for the middle class.

As a result, the impact of the 1981 reconciliation was a change in the concept of the Guaranteed Loan Program. It became a need based Financial Aid Program, and income limits were established for program eligibility.

Simply stated, we now ration GSL credit on the basis of the need for subsidy as defined by the same system with which we allocate grant resources. The program no longer serves most of those families whose earnings exceed $30,000 per year. We can justify the use of scarce federal resources to assist needy families by providing interest subsidies for educational credit. However, we have been unable to defend such expenditures to provide access to credit for those families that lack discretionary income, and thus disregard the original cash flow concept totally. The new policy of "across the board need" for GSL Credit will deny most middle class families the necessary credit for educational goals.

That is where the new reauthorization falls short in my opinion. We must recognize the credit needs of middle class families who are ineligible because of rationed federal resources. The most important aspect of the GSL for years was the theory of students borrowing now and paying later with future earnings. I disagree with those people who believe that the PLUS Program has accomplished this need. The last three years have shown that the PLUS Program has not become a nationally accepted credit instrument. At best, it is a regional credit instrument confined to the more expensive institutions and borrowed by wealthy families who can make the monthly payments. Truly middle class families cannot afford the monthly payments on a $10,000 debt instrument for higher education costs out of current income. Further, many of them will still be responsible for those debts in their retirement years.

I believe that for a system of National Higher Education credit to work it must have three major components:

(1) It must be reasonably priced.

(2) It must look to future income for its payback and

(3) Someone must be responsible for making current interest payments.

To make my point more clear, I would like to refer to a study recently done by my agency which explored the educational credit demands of Colorado families. We based our assumptions on the collection of data in two categories that are defined in nationally recognized terms; unmet need and expected parental contributions. We consider unmet need to be that documented need which remains after all other aid is granted. In short, the study resulted in a conservative estimation of more than one hundred million dollars of documented unmet need in Colorado families that were eligible for financial aid. The need for credit becomes much greater when we consider that a proportion of the expected parental contribution would generate a need for borrowing funds also. I would be more than happy to make the study available at your request.

We have therefore concluded that federal aid, both in grant resources and GSL eligibility, is falling significantly short in providing the assistance needed as defined by an evaluation that we all believe in called needs analysis. Secondly, as we progress through the 1980's, we are expecting increasingly large cash contributions from our middle class families without a widely accepted instrument to help defray cash contributions. We must find alternative financing mechanisms to respond to the increasing amount of unmet need and expected parental contributions or we will face a major crisis in educational finance during this decade.

I respectfully propose that this Committee take a hard look at authorizing a guaranteed, non-subsidized GSL loan which will help meet this need. In times past this type of loan was authorized under the GSL concept.

The new supplemental GSL should have the following characteristics:

(1) A maximum interest rate of 12%.

(2) Interest would be paid current by the student or family.

(3) Dependent undergraduate and graduate students would be eligible.
(4) Annual loan limits to be $4,000 and be in addition to any GSL eligibility.
(5) Loans would have the same terms as GSL.
(6) Special allowance would be paid under the formula of (91 day T-Bill + 3% — 12%).
(7) No deferrent should be granted except in school status.
(8) Fully Guaranteed.
(9) Loan to be made as a family loan with cosigners.

This new program should replace ALAS and reduce the burden of middle class families to make immediate repayments under PLUS. If we are to face the hard facts, higher education costs have outstripped the ability of students, most families, State Governments, and the Federal Government to pay those costs in cash from current income or available resources. Thus, if we are to maintain the ability of all students to seek and secure higher education opportunities, we must continue to utilize a solid system of credit which looks to future earnings for its repayment.

I believe the Federal Government has a responsibility to provide access not only to needy students, but to all its constituents. To accomplish this, alternative sources of credit must be available to finance higher education costs irrespective of the actual federal dollars allocated for grants and interest subsidies. The GSL is a firm building block for such a program. I believe the need for an expanded GSL program must be recognized immediately to avoid a major crisis in educational finance in this decade.

I thank you for your time and consideration.

[Whereupon, at 11:55 a.m., the subcommittee recessed, to reconvene in room 2261, Rayburn House Office Building, at 1:30 p.m., this same day.]

AFTERNOON SESSION

Mr. SIMON. The subcommittee will resume its hearing.

I will enter my statement in the record.

[Opening statement of Congressman Paul Simon follows:]

OPENING STATEMENT OF HON. PAUL SIMON, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF ILLINOIS AND CHAIRMAN, SUBCOMMITTEE ON POSTSECONDARY EDUCATION, MARCH 28, 1984, AFTERNOON

This afternoon we will hear from witnesses regarding the teacher preparation title of the Higher Education Act Amendments. As you know, the current provisions have either been removed from Title V (in the case of teacher centers), been repealed, or been left unfunded. I believe this is a real opportunity to rewrite the title and to address some major issues facing American education.

The Merit Pay Task Force, which I chaired, recommended a comprehensive approach to improving teacher preparation and professional development. In this title I have attempted to develop a comprehensive legislative approach in these areas as well as attracting the best and the brightest to the teaching profession.

Let me describe briefly the proposals in Title V.

First, H.R. 5240 incorporates, with some modifications, H.R. 4477, introduced by my colleague Ron Wyden that creates a program of scholarships for outstanding students who want to be teachers, and a national fellowship program for classroom teachers for study, travel and academic improvement. These programs are designed to encourage a higher quality of teacher candidates and will enable classroom teachers to expand their intellectual achievements and upgrade their skills.

The Merit Pay Task Force acknowledged the success of summer institutes and workshops for educators sponsored by the National Science Foundation and other agencies, and suggested that a similar program be instituted for teachers generally. The goal would be to have all of the 2 million teachers in the country attend an institute in the next 10 years, at the rate of 200,000 per year. The institutes and workshops in H.R. 5240 would improve the knowledge and skills, and instructional and administrative methods, in addition to evaluation techniques.

Title V of the bill also provides for grants to establish programs such as mentor support for beginning teachers and professional development resources centers.

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The bill also includes a program of grants to colleges and universities to make improvements in their teacher training curriculum and for developing exemplary programs.

From teachers, school administrators and university officials, the Merit Pay Task Force heard that there need to be more effective partnerships between schools and institutions of higher education. This is especially true in the sharing of technological resources and faculty and in consultation on management and administration, and for cooperative projects among universities.

Finally, H.R. 5240 provides for studies of teacher supply and demand and for research on teacher evaluation, teacher education and professional development.

Our witnesses today have substantial experience in teacher education issues. They are Dr. Patricia Graham, Dean of the Harvard Graduate School of Education. She will be joined by Dr. Sharon Robinson, Director of Instruction and Professional Development of the National Education Association, and Dr. Robert Saunders, Dean of the College of Education of Memphis State University and President-Elect of the American Association for Colleges of Teacher Education.

I welcome you today, and I look forward to hearing your testimony.

Mr. SIMON. What we are talking about today is title V. Among other things, title V incorporates basically the thrust of a suggestion of my colleague, Ron Wyden, who has mentioned it and has in a separate legislation that would encourage really superior students to go into teaching. In incorporates the whole idea of summer institutes and workshops and, among other things, also incorporates something that I think can be effective, and that is to encourage partnerships between elementary and secondary schools and institutions of higher education.

As I look at the Chicago scene, for example, somehow we ought to be pulling the great resources of the University of Chicago, the University of Illinois, Northwestern University, Chicago State University and mesh them with the obvious huge needs of that urban school system where, clearly, a great many young people are not receiving a quality education. I say that meaning no disrespect to the many fine teachers and administrators in the Chicago school system.

Anyway, we are going to take a whole look at title V this afternoon. I am pleased to call as the first witness my colleague from the State of Oregon, Ron Wyden, who, I might add, in addition to everything else, his other contributions, was probably more responsible than any one person for the creation of the Task Force on Merit Pay that really went much beyond simply merit pay that reported back—I can't remember—3 months ago or 4 months ago, whenever it was. We are pleased to have you here.

STATEMENT OF HON. RON WYDEN, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF OREGON

Mr. WYDEN. Thank you very much, Mr. Chairman. It really is a pleasure to be here. I think it is fair to say no one in this country has done more to support the kind of educational programs that we are talking about today than you have. Frankly, I am kind of sorry to see you getting ready to move over to the other side of Capitol Hill, the other body. I guess it is a sacrifice that people like me ought to make for the good of the country. We will be anxious to work with you over there.

Mr. SIMON. You are an outstanding witness, obviously. [Laughter.]

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Mr. WYDEN. Mr. Chairman, I would ask unanimous consent that my prepared testimony be entered in the record.

Mr. SIMON. It will be entered in the record.

Mr. WYDEN. Let me just, if I might, try to summarize a little bit and be brief here today.

I think it is pretty obvious that we face literally a surfeit of reports and studies in the last few months, extending over the last few years, that indicate to us very clearly that we got to take some action to improve our schools in this country. I think what your legislation does is it takes the recommendations of these reports and turns them into a comprehensive workable Federal policy. While not the be-all and end-all of educational reform—we all know that there are a variety of areas we have to look at to pull that off—I think that your legislation, Mr. Chairman, is going to produce a qualitative difference in higher education in this country. I want to make that very clear at the outset.

As you mentioned, I had the pleasure of serving with your and our colleagues, Mr. Goodling and Congressman Colemen, as a member of the Task Force on Merit Pay. We were charged, of course, by Chairman Perkins to explore the question of merit pay specifically while looking at the broader context of teachers' pay and working conditions in this country. I just think as a result of that task force, which included leaders of almost every national education constituency, we really are in a position to do what your legislation does, Mr. Chairman, and that is to essentially enact the key recommendations of our committee's work in the legislation for us.

What I would like to do is focus just for a second on the question specifically that I tried to look at at some length, and that is the question of how we attract sharp people into the teaching profession, and then how we retain them.

I think that what we found on the task force is that effective schooling starts in the classroom and, though teacher pay is essentially a local and State matter, there are ways for the Federal Government to provide leadership and encouragement in this area. I think that is exactly what your bill does, Mr. Chairman, part A and part B of title V specifically, where we see created the Carl D. Perkins Scholarship Program and the talented teacher fellowships. As you mentioned, these provisions are very much like the legislation that you and Congressman Goodling, Congressman Coleman, and I all introduced at the end of last November, H.R. 4477, the Talented Teachers Act.

I think, Mr. Chairman, again trying to be brief, it was the clear finding of the task force that the status of teaching in this country and the prospects for its future were really very seriously imperiled. The profession faces traditionally low pay, distinct lack of rewards, low public esteem, and requirements of teachers in and out of the classroom, of course, are enormous.

The statistics, what we found in the task force, really bear that out. Recent studies by the Carnegie Foundation for the Advancement of Teaching and others show that teachers on the average are paid less—from the start to the finish of their careers—than others in the private sector such as accountants, drafters, engineers, attorneys, programmers, a variety of different professions.

What has happened, particularly between 1972 to 1980, is that there has been a 50 percent decrease in the number of students entering teacher education programs.

I think more importantly, again citing the recent report by the Carnegie Foundation, fewer than 5 percent of the high school seniors who took the scholastic aptitude test in 1982 are expected to major in education. That is half the number of students who chose teaching in 1973. In addition to that dropoff, of course, we saw reductions in the average teacher's salary as well.

The question that we face, as we did when we looked at the earlier bill and today's legislation, as why in the world would somebody choose to become a teacher in this country? Clearly, some talented individuals, despite the barriers I just mentioned, are still choosing to try to surmount those in some way and become teachers. But many—I do want to emphasize many—just are not. I think it is a particularly serious matter at this time when the National Center for Education Statistics is forecasting a shortage of 37,000 teachers by 1987.

They also go on to say that they are greatly troubled by the length of time that good teachers are staying in the classroom. Between 10 and 20 percent of the teachers are leaving the profession after just 1 year on the job. Even words, half the teachers call it quits after 7 years. Again, the evidence shows that the people who are leaving are cream of the crop.

Mr. Chairman, I particularly appreciated what you said in your opening statement about the need to try to address the crisis with partnership. I think we saw that come up again and again in the Task Force on Merit Pay, a partnership of teachers, administrators, parents, all the people who have an interest in this working together to overcome the obstacles facing American teachers.

I think what your legislation does is exemplifies that the Federal Government absolutely must be part of that partnership. The teacher scholarship and fellowship provisions help us address in a modest way two fundamental problems where the Federal Government can play a role: first is the lack of incentives for outstanding students to become teachers; and second, lack of rewards and recognition, once we get these superior individuals, to stay in the classroom.

The Carl D. Perkins Scholarship Program would provide 10,000 scholarships to encourage the best and the brightest high school graduates from across the country to enter the teaching profession. Scholarships of not more than $5,000 each—or the cost of the student's education, whichever is less—would be awarded by the States to applicants who have graduated at the top of their class. Awardees would agree to teach for a period of time in return for the scholarships.

The Talented Teacher Fellowship Program, part B of title V, would provide incentives to keep talented teachers in the classroom. Under this part of the act, fellowships of not more than $25,000 would be provided to two outstanding teachers in every one of our congressional districts. These awards would be used by recipients for up to 1 year's sabbatical leave for study, research, travel or curriculum improvement, and fellows could pursue a wide

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variety of different areas ranging from curriculum development, model teacher programs and the like.

In return for the fellowships, which would be awarded by a national panel, an awardee would agree to teach for at least 2 more years.

I would like to add here, Mr. Chairman, that the Talented Teachers Act, embodied in parts A and B, has received overwhelming support from the key education leaders and policymakers across the country. Among those who have applauded the bill are, of course, members of the Merit Pay Task Force; 50 Members of Congress of both parties who have already signed on as sponsors; leaders such as Gov. Thomas Kean of New Jersey; Ernest Boyer of the Carnegie Foundation; Dean Patricia Graham, here today from Havard's Graduate School of Education; Robert C. Wood, a member of the 20th Century Fund Task Force; Derek Bok, president of Harvard University; and I believe the subcommittee has a rash of newspaper editorial boards that we have accumulated in support of the legislation, as well.

Let me, if I might, Mr. Chairman, just talk about a couple of areas where I think we still have some room for debate and could discuss a little bit further.

Specifically I want to talk about the eligibility pool, portability of benefits and the payback provisions for the scholarship. I do want to say that I think that this is all really very modest in the context of the overall effort, and I want my remarks seen in that regard.

First, with regards to the applicant pool, the Talented Teachers Act originally discussed that those eligible for the teacher scholarships come from the top 10 percent of their graduating high school class. With the bill before us today, we are talking about a pool of about 5 percent of the class.

Although it is impossible, based on current data, to ascertain exactly where students graduating in the top 5 or 10 or even 25 percent of their high school classes are going after graduation, I would hope that it might be possible to work out a way, Mr. Chairman, that we could go up to the 10 percent figure.

Currently, students in the top of their class are heavily recruited by colleges, businesses and others to pursue various opportunities. The recruitment pressure increases exponentially from the bottom of the class to the top. It is my feeling that, if we stayed with 5 percent, we might be looking at a pool that was just a little bit too small. I also think it is fair to assume that most in this top 5 percent may not be as sympathetic to teaching, and may be a little more likely to choose a little more high-paying field. So, I think if there is a way we can work it out so we can go a little bit higher than 5 percent, that might be helpful.

Second, with regard to the portability of the scholarships and the service payback provisions, under the Talented Teachers Act, as originally put together, scholarship recipients could attend any college or university and then teach in any State of the Union. The service payback provision was 1 year for each year the scholarship was awarded.

Under H.R. 5240, the awardees would be required to teach in an elementary or secondary school in the State that actually awarded

the scholarship, and the service payback required is 2 years for each year the scholarship was awarded.

I would say in this area, Mr. Chairman, that my concern might be that the approach could create a problem by restricting recipients to teaching only in their home State. We could face a situation where, for instance, in a particular State, the awardee was unable to find employment in the fields in which he or she was instructed. We might also face the question of what would happen if someone was instructed in history while preparing to become teacher and most of the jobs available were in physical education or mathematics. Possibly we could even face a predicament that if a particular State had no teaching shortage, but another State in the Union might.

One last point, Mr. Chairman, with regard to the 2-for-1 service payback provision. I wonder if perhaps we have been a little restrictive in that area as well. Though there is a substantial reward to each of the recipients, it would require those teachers to work almost twice as long as the average teacher, and we may face the question of then having the opposite effect of what we had originally intended.

Again, Mr. Chairman, I consider all three of these points in the broad context of Western civilization and the legislative process to not exactly be monumental.

I would conclude, as I stated earlier, that we are all trying to figure out a way to get these very bright and gifted people to go into the profession. I think Herbert Kohl, in his new book "Growing Minds: On Becoming a Teacher," really hits the nail on the head when he writes, "Wanting to teach is like wanting to have children or to write or paint or dance or invent or think through a mathmetical equation that only few have been able to solve." There is no gauging this desire. It is one that has provided us excellent teachers in this country, and it has done so even though we haven't done a great deal to encourage their entering the profession.

So I am just very pleased to be here, Mr. Chairman. As I said, I think it is a national sacrifice to have to give you up here in the House, but I guess it is for the broader good for you being in the Senate. I look forward to working very closely with you when you are over there.

[Prepared statement of Congressman Ron Wyden follows:]

PREPARED STATEMENT OF HON. RON WYDEN, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF OREGON

Thank you, Chairman Simon, for inviting me here today to testify before the subcommittee on HR 5240, reauthorizing the Higher Education Act.

I would like to commend you, Mr. Chairman, for your fine work in the House of Representatives on behalf of higher education and for the improvement of education in America. It is due in large part to your outstanding work in the Congress that many students today are still eligible for federal financial assistance and are able to prepare for their futures at colleges and universities.

These efforts to improve higher education have not stopped in 1984. A surfeit of reports and studies have all told us that we have to take some action to improve our schools. Well, this bill takes the recommendations of those reports and turns them into sensible, workable federal policy. While not the be-all and end-all of educational reform—and while there is room for some minor fine tuning in a couple of areas—the bill will qualitatively improve the federal role in higher education.

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Last summer and fall, I had the pleasure of serving with you and Congressmen Goodling and Coleman as a member of the Task Force on Merit Pay. That committee was charged by Education and Labor Chairman Carl D. Perkins to explore the idea of merit pay for teachers, while looking at the broader context of teachers' pay and working conditions and the preparation of teachers in America.

As a member of that task force, which included leaders of almost every national educational constituency, I would like to concentrate my testimony today on Title V of the bill before us, which would enact all of the federal recommendations in our report.

Specifically, Title V takes action—action which is urgently needed—on the task force's recommendations for:

(1) The inauguration of an expansion of the summer institutes and inservice training opportunities for teachers;

(2) The upgrading of colleges of teacher education;

(3) The encouragement of professional development of teachers and administrators in our schools;

(4) Directing federal agencies to assist in developing ways to judge teachers' performance that could be used in a performance based pay system.

(5) The inauguration of a talented teacher scholarship program to recruit students into the teaching profession; and

(6) The institution of a talented teacher fellowship program to recognize outstanding teachers in classrooms across the country.

The Task Force on Merit Pay recognized the need to lift the standards of instruction in this nation—that effective schooling starts in the classroom and that, though teacher pay is a local and state matter, there are ways for the federal government to provide leadership and encouragement in this area. Those avenues are provided in HR 5240.

I'd like to focus this afternoon specifically on Parts A and B of Title V, which create the Carl D. Perkins Scholarship Program and the Talented Teacher Fellowships. These provisions were included in a bill which I introduced with you and Congressmen Goodling and Coleman last November, HR 4477, the Talented Teachers Act of 1983.

Mr. Chairman, the status of teaching in America—and the prospects for its future—are imperiled. The profession is imperiled by traditionally low pay and rewards, low public esteem, and tremendous requirements in and out of the classroom.

The statistics bear this out. Recent studies by the Carnegie Foundation for the Advancement of Teaching and others show that teachers on the average are paid less—from the start to the finish of their careers—than others in the private sector such as accountants, drafters, engineers, attorneys, programmers, or podiatrists.

In fact, between 1972 to 1980, there has been a 50 percent decrease in the number of students entering teacher education programs.

According to the recent report by the Carnegie Foundation, fewer than 5 percent of the high school seniors who took the Scholastic Aptitude Test (SAT) in 1982 are expected to major in education—that's half the number of students that chose teaching in 1973. Also, the average teacher salary dropped from $10,164 to $8,926 between 1973 and 1983, a loss of 12 percent of an individual's purchasing power. Finally, after teaching 15 years, a teacher can expect to earn about $25,000 per year, compared to the $40,000-$50,000 their college roommate might earn as an accountant

The question is, why, will all of these disadvantages, would someone choose to become a teacher? Clearly, some talented individuals, despite these barriers, are still choosing to become teachers. However, many—and I emphasize many—are not. And this comes at a time when the National Center for Education Statistics is forecasting a shortage of 37,000 teachers by 1987. The length of time good teachers stay in the classroom is also troubling. Between 10-20 percent of teachers leave the profession after one year on the job. Even worse, half of all teachers call it quits after 7 years—and studies show that it is the cream of the crop who are leaving.

The Merit Pay Task Force recognized that addressing the crisis facing the teaching profession will take a partnership—a partnership of teachers, administrators, parents, local school boards, and state and federal governments acting together—to effectively overcome the obstacles facing American teachers. I have been pleased to see this partnership forming in state after state, where committees, legislatures and school boards are meeting the challenge of the "rising tide of mediocrity" that the National Commission on Education in America warned us about.

Title V of the bill before us today exemplifies that the federal government also is answering that call. Specifically, the teacher scholarship and fellowship provisions would help us address two of the fundamental problems facing the teaching profes-

sion: lack of incentives for outstanding students to become teachers and lack of rewards and recognition to stay in the classrom.

The Carl D. Perkins Scholarship Program would provide 10,000 scholarships to encourage the best and the brightest high school graduates from across the nation to enter the teaching profesion. Scholarships of not more than $5,000 each—or the cost of the student's education, whichever is less—will be awarded by the states to applicants who have graduated at the top of their class. Awardees will agree to teach for a period of time in return for the scholarships.

The Talented Teacher Fellowship program, Part B of Title V, would provide incentives to keep talented teachers in the classroom. Under this part of the Act, fellowships of not more than $25,000 would be provided to two outstanding teachers in each congressional district. These awards may be used by recipients for up to a year's sabbatical leave for study, research, travel, or curriculum improvement. Fellows can pursue development of curriculum improvements, develop innovative programs, or implement model teacher programs and staff development.

In return for these fellowships, which will be awarded by a prestigious national panel, fellows would agree to teach for at least two more years.

I would like to add that the Talented Teachers Act, embodied hear in Parts A and B, has received overwhelming support from education leaders and policymakers across the nation. Among those who have applauded the bill are members of the Merit Task Force, which included representatives of teachers, administrators, school boards and others; 50 Members of Congress of both parties who have cosponsored it; leaders such as Governor Thomas Kean of New Jersey; Ernest Boyer of the Carnegie Foundation; Dean Patricia Graham, here from Harvard's Graduate School of Education; Henry R. Luce Professor Robert C. Wood, a member of the 20th Century Fund Task Force; Derek Bok, President of Harvard University; and newspaper editorial boards including the Sacramento Bee and others.

In addition, the 20th Century Task Fund Task Force, the Task Force for Economic Growth, and the National Commission on Excellence in Education have all called for increased incentives for teachers. The 20th Century Fund and the National Commission each also called for programs along the line of Title V Parts A and B.

I would like to submit for the record a sampling of the letters that I have received from around the country endorsing these proposals. I would also like to submit an article on teacher incentives.

Mr. Chairman, as I mentioned when I began this filibuster, I want to take a moment to talk about some differences between the bill before us today and the Talented Teachers Act of 1983, which we introduced last November. Specifically, I want to talk about the eligibility pool, the portability of the benefits and the payback provisions for the scholarships. I believe a few small changes in these areas could make what is already an excellent bill even better.

First, with regards to the applicant pool, the Talented Teachers Act provided that those eligible for the teacher scholarships come from the top 10 percent of their graduating high school class. Under the bill before us today, that pool has been reduced by one-half, with awardees having to come from the top 5 percent of their class.

Although it is impossible based on current data to ascertain exactly where students graduating in the top 5 or 10—or even 25—percent of their high school classes are going after graduation, I am concerned that limiting the scholarship pool to 5—as opposed to 10—percent may effectively rule out any applicants to this program.

Currently, students in the top of their class are heavily recruited by colleges, businesses and others to pursue various opportunities. The recruitment pressure increases exponentially from the bottom of the class to the top. Thus, those in the top 5 percent—which is a relatively small pool of people—are being recruited harder than those in the top 10 percent. I also think it's fair to assume that most in this top 5 percent are likely to choose the medical and science professions, or other high-paying fields, to pursue above the teaching profession. Thus, it is my belief that we should keep the applicant pool at 10 percent.

Second, with regards to the portability of the scholarships and the service payback provisions, under the Talented Teachers Act, the scholarship recipients could attend any college or university and then teach in any state of the union. The service payback provision was one year for each year the scholarship was awarded.

Under HR 5240, the awardee must teach in an elementary or secondary school in the state that actually awarded the scholarship, and the service payback required is two years for each year the scholarship was awarded.

I am concerned that this approach may create a problem by restricting scholarship recipients to teach only in their home state. What if, for instance, in that particular state, the awardee was unable to find employment in the fields in which he

or she was instructed? What if someone was instructed in history while preparing to become a teacher, and most of the jobs available were in physical education or mathematics? Worse yet, what if that particular state had no teaching shortage, but another state, such as Arkansas, did?

Finally, with regards to the two-for-one service payback provision, I am concerned that HR 5240 may be too restrictive in this area. Though it provides a substantial award to each of the recipients, it would require those teachers to work almost twice as long as the average teacher. I am concerned that this may result in the opposite of what was intended.

These three differences in our two bills, the eligibility pool, the portability, and the payback provisions for the scholarships are ones that I believe should be considered further by the subcommittee and I would be pleased to work with you to that end.

As I stated earlier, we have many talented teachers in our classrooms today—and no matter what the effects of these programs are, many of these individuals will continue to enter the teaching profession. Herbert Kohl, in his new book Growing Minds: On Becoming a Teacher hits the nail on the head when he writes, "Wanting to teach is like wanting to have children or to write or paint or dance or invent or think through a mathematical equation that only few have been able to solve." There is no gauging this desire. It is one that has provided us excellent teachers, even though we've done little to encourage their entering the profession.

Title V, which we examine here today would, at the federal level, start to provide some encouragement. In concert with initiatives at the local and state level, it will go a long way towards promoting improved education for all our children. I urge its favorable adoption by all those on the subcommittee.

Again, thank you, Mr. Chairman, for allowing me to testify today.

STATE OF NEW JERSEY,
OFFICE OF THE GOVERNOR,
Trenton, February 28, 1984.

Hon. RON WYDEN,
House of Representatives,
Washington, DC.

DEAR CONGRESSMAN WYDEN: Thank you for your letter describing H.R. 4477, the Talented Teachers Act of 1983. The purposes of your bill are certainly consistent with the frequent and overwhelming reports of Task Forces and Commissions which have recommended incentives to attract talented teachers into the public schools.

In New Jersey, as in many other states, we have launched several initiatives which focus on the challenge of attracting and maintaining the best cadre of teachers for our students. Some of the financial incentive approaches we have recommended include a more attractive minimum salary for teachers ($18,500) and a master teacher program which recognizes outstanding teachers and grants them a $5,000 award. In addition, we have improved the standards for teacher preparation programs in colleges and proposed a rigorous alternative to those programs to encourage talented candidates from business and industry to consider employment in the public schools.

The scholarship and fellowship provisions of your bill constitute a further incentive for teachers. Although I have not examined the details of the proposal, it represents an incentive strategy which is consistent with needs identified in many reports.

I appreciate your bringing these proposals to my attention and am especially pleased at the congressional interest in this very important educational issue.

Sincerely,

THOMAS H. KEAN,
Governor.

THE CARNEGIE FOUNDATION,
Princeton, NJ, January 5, 1984.

Hon. RON WYDEN,
House of Representatives,
Washington, DC.

DEAR CONGRESSMAN WYDEN: Thanks for your recent letter notifying me that you have been joined by Chairman Paul Simon and Congressmen Goodling and Coleman

in introducing the Talented Teacher Act of 1983. Thanks too for sending a copy of this legislation.

As you know, my own commitment to the improvement of the teaching profession includes emphasis on ideas that connect closely with those emphasized in your legislation. I believe that federal initiates will be important and necessary in securing outstanding students for careers in teaching. And I agree that talented teachers must be recognized—for what they have done and for what they can do as role models for their peers.

I will follow the progress of this legislation with special interest and high respect for what you and your colleagues are doing to help improve our schools.

Cordially yours,

ERNEST L. BOYER,
President.

AMERICAN ASSOCIATION OF SCHOOL ADMINISTRATORS,
Arlington, VA, January 24, 1984.

Hon. RON WYDEN,
U.S. House of Representatives,
Washington, DC.

DEAR MR. WYDEN: On behalf of the American Association of School Administrators, I would like to express our support for H.R. 4477, which would provide scholarship assistance to outstanding high school graduates to enter the teaching profession.

The American Association of School Administrators (AASA) will contact members of the House of Representatives urging them to join you in this effort by co-sponsoring the legislation. Further, we will contact our state associations across the country, informing them of this legislation and urging their support. I would like to thank you on behalf of the members of the American Association of School Administrators for introducing this legislation, and if I can be of further service, please don't hesitate to contact me.

Sincerely,

JOSEPH J. SCHERER, Ph.D.,
Associate Executive Director.

HARVARD UNIVERSITY,
Cambridge, MA, January 12, 1984.

Hon. RON WYDEN,
Member, U.S. House of Representatives,
Washington, DC.

DEAR CONGRESSMAN WYDEN: Thank you for your letter of December 19 informing me of your introduction of the Talented Teachers Act of 1983. You and your colleagues are to be congratulated for taking this important step, both in terms of addressing two of the more critical problems confronting contemporary education, and in terms of understanding what we on the Twentieth Century Fund Task Force considered the overriding federal interest in their prompt and successful resolution.

I hope that this legislation continues to receive bipartisan support. If possible, please keep me informed as to your progress. Best wishes for the new year.

Sincerely,

PATRICIA ALBJERG GRAHAM,
Dean.

WESLEYAN UNIVERSITY,
Middletown, CT, January 25, 1984.

Congressman RON WYDEN,
House of Representatives,
Washington, DC.

DEAR CONGRESSMAN WYDEN: Thank you very much for your letter of December 19 bringing me up to date on Congressional activity with respect to Federal educational policy. I have followed developments in a general way since I testified before the Perkins Committeee last Spring, but I am particularly pleased to have more information about the Talented Teachers Scholarships Fellowships. They parallel in important respects with the major themes of the Twentieth Century Fund Task Force.

Ever since the avalanche of reports last Spring, I have been impressed at the public and political reaction. I continue to present Twentieth Century Fund findings to a wide variety of audiences nationwide; and I am persuaded that despite the Federal deficit and the opposition of the present administration, we can move forward in defining a coherent and important Federal role. I will be glad to support your efforts in any way that I can and to so indicate that to my old Congressional friends in Massachusetts and to my new ones in Connecticut. Again, I appreciate your writing to me.

With every good wish,

ROBERT C. WOOD, *Professor.*

HOUSE OF REPRESENTATIVES,
STATE OF OKLAHOMA,
January 17, 1984.

Hon. RON WYDEN,
House of Representatives,
Washington, DC.

DEAR MR. WYDEN: Thank you so much for sending me a copy of H R 4477. The enactment of this bill should be a real boon for the efforts to improve quality in education and to attract bright, lively people to the field of teaching.

I would really appreciate your asking the appropriate staff member to keep me apprised of the bill's progress for any major revision.

Once again, many thanks for the enormous contribution the passage of this bill should make to raising the level of literacy in America today.

Sincerely,

PENNY WILLIAMS,
State Representative.

OREGON STATE UNIVERSITY,
Corvallis, OR, January 4, 1984.

Hon. RON WYDEN,
Member of Congress,
P.O. Box 3621,
Portland, OR.

DEAR CONGRESSMAN WYDEN: I was delighted to learn that you have submitted the Talented Teachers Act of 1983 to Congress. Given my perception of the urgent needs of American education, this legislation would be an important contribution.

If there is anything I can do to assist you in gaining approval of the Talented Teachers Act, please let me know.

Sincerely,

ROBERT D. BARR,
Dean OSU-WOSC School of Education.

UNIVERSITY OF WASHINGTON,
Seattle, WA, January 11, 1984.

Representative RON WYDEN,
House of Representatives,
Washington, DC.

DEAR CONGRESSMAN WYDEN: Thank you very much for your letter of December 19, 1983 telling me about your bill, HR 4477.

The bill certainly sounds to be a very fine step in the right direction and appears consistent with what we were trying to do. I hope that Congress will act on legislation of this type soon. I would appreciate very much receiving a copy of the bill and of any report or hearings coming out of the committee. I would also appreciate it very much if your office could send me a copy of the report of the Merit Pay Task Force to which you refer in your letter.

At the Twentieth Century Fund we are continuing to follow the important policy issues raised in our Task Force and which have now been at the center of public and media attention for several months. We are also talking here in the state about holding some kind of a meeting between leaders of teachers organizations and others to develop a consensus on next steps. It certainly sounds as if the Merit Pay Task Force recommendations are very much along that line. We have also had a small group meet at the Fund to search for agreement as well. My impression from talking to teachers union people is that while they are firmly on record against

merit pay as such or bonus systems, there is very strong support for some sort of merit-based personnel system for teachers if it can be enveloped within the rubric of collective bargaining.

Thank you again for thinking of me.

Best personal regards.

Sincerely yours,

BREWSTER C. DENNY,
Professor.

AMERICAN ASSOCIATION OF COLLEGES FOR TEACHER EDUCATION,
Washington, DC, January 5, 1984.

Hon. RON WYDEN,
House of Representatives,
Washington, DC.

DEAR RON: Thank you for the work that you have done in introducing the Talented Teachers Act of 1983. I appreciate the commitment and work that you have directed toward the improvement of education. Also, I appreciate your sharing with me the progress that is being made. Do know that I shall welcome the chance to support your efforts and any additional exploration which you may wish to do in this area. I look forward to your calling on me. Until that time, good wishes.

Sincerely,

ANNE FLOWERS, *President.*

P.S.—I have written and shared a copy of this bill with Congressman Lindsay Thomas.

COMMUNICATIONS WORKERS OF AMERICA,
Washington, DC, January 4, 1984.

Hon. RON WYDEN,
House of Representatives,
Washington, DC.

DEAR CONGRESSMAN WYDEN: Thank you for your kind praise concerning the Task Force on Education for Economic Growth. I'm very pleased to be the labor representative on the task force, which is doing some very constructive work.

I am also quite pleased about this legislation you are proposing for talented teachers. As you correctly cited, it was one of the recommendations of the task force, and I think is a preferable form of reward for talented teachers over merit pay.

The only concern I might have with your legislation is that various requirements and restrictions be placed on the recipients of the awards. The one stipulation you mentioned in your letter is perfectly fine with me, but I think it should be up to state and local bodies to decide on any other requirements.

Thank you for introducing this timely legislation, and please keep me informed on its status.

Sincerely,

GLENN E. WATTS,
President.

HARVARD UNIVERSITY,
Cambridge, MA, December 19, 1983.

Mr. RON WYDEN,
Member of Congress,
Washington, DC.

DEAR MR. WYDEN: Thank you for sharing with me your mailing of December 19, describing your initiative in introducing HR 4477, the Talented Teachers Act of 1983. The Act seems to me well designed to meet a good part of the problem of attracting good teachers from among the talented young people who have other, perhaps otherwise more attractive options.

As you correctly indicate, this Act is not a cure-all for the educational system; but it seems to me one of the most promising portions of the needed task of upgrading the system.

With best wishes,

Sincerely yours,

GERALD HOLTON,
Mallinckrodt Professor of Physics, and Professor of History of Science.

ILLINOIS ASSOCIATION OF SCHOOL BOARDS,
Marion, IL, December 22, 1983.

Re H.R. 4477.

Hon. RON WYDEN,
U.S. Congressman,
Washington, DC.

DEAR CONGRESSMAN WYDEN: I will contact as many people that I can think of concerning co-sponsoring H.R. 4477 which I think is an excellent Bill.

Thank you for taking your time to write to me and we will see if we can get the necessary sponsors for this.

Very truly yours,

JAMES W. SANDERS,
Past President.

JAMES A. GARFIELD HIGH SCHOOL,
Los Angeles, CA, December 16, 1983.

RON WYDEN,
Member of Congress,
House of Representatives,
Washington, DC.

DEAR RON: I received your letter dated December 12, 1983 and a copy of H.R. 4477. I wish to thank you for sending me a copy of the bill. I feel this is a worthwhile piece of legislation and all efforts should be made for its successful passage. I will encourage all my colleagues to support you in your efforts.

Sincerely,

JAIME ESCALANTE,
Math Dept. Chairperson.

COMMONWEALTH OF PENNSYLVANIA,
DEPARTMENT OF EDUCATION,
Harrisburg, PA, January 10, 1984.

Hon. RON WYDEN,
Member, House of Representatives,
Washington, DC.

DEAR CONGRESSMAN WYDEN: Governor Thornburgh forwarded your recent letter concerning the Talented Teachers Act to my office and asked that I respond on his behalf.

In reviewing your proposed legislation it became apparent that the recommendations you cite regarding teacher recognition, made by the Task Force on Economic Growth, also influenced the direction Governor Thornburgh took in developing his educational initiatives for Pennsylvania. Your Act appears to respond to the same need and has an identical intent as does our effort to improvement the affectiveness of teachers and administrators. I am enclosing a copy of the Governor's Agenda for Excellence in Pennsylvania Public Schools so that you may note these parallels and be aware of the specific approach we will be taking in this area.

Federal assistance for the ablest teacher candidates and the most talented classroom teachers will very positively complement our Scholars in Education and Excellence in Teaching Awards. I commend you and the co-sponsoring Congressmen for taking this step to improve the quality of education and I strongly support your efforts.

Thank you for providing this information and for the kind words about Governor Thornburgh's participation on the Task Force.

Sincerely,

ROBERT C. WILBURN, *Secretary.*

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AMERICAN ASSOCIATION FOR THE ADVANCEMENT OF SCIENCE,
MOUNT HOLYOKE COLLEGE,
South Hadley, MA, January 11, 1984.

Hon. RON WYDEN,
Member of the House of Representatives,
Washington, DC.

DEAR RON: Thank you for your letter concerning The Talented Teachers Act of 1983, HR 4477. Two comments
1) I applaud your action in this matter, and
2) I hope that it receives favorable action.

Sincerely yours,

ANNA J. HARRISON, *President.*

COMMONWEALTH OF KENTUCKY,
STATE SENATE,
Richmond, KY, September 15, 1983.

Hon. RON WYDEN,
U.S. House of Representatives,
Washington, DC.

DEAR REPRESENTATIVE WYDEN: I regret exceedingly that the state of my health for this summer made it impossible for me to serve on the Merit Pay Task Force, but I thoroughly agree with the work which you have done. You have proposed legislation on two problems that I think are very pertinent to the improvement of the quality of education, namely, the recruitment and retention of excellent teachers. The legislation which you have proposed attacks these two problems and I think should be considered by the Congress if it is serious about improving education.

My very best wishes for you and your efforts.

Cordially yours,

ROBERT R. MARTIN, *Senator.*

HARVARD UNIVERSITY,
Cambridge, MA, January 3, 1984.

Hon. RON WYDEN,
Congress of the United States,
Washington, DC.

DEAR MR. WYDEN: Thank you for your letter of December 22 which was prompted by my statement before the Senate Labor and Human Resources Committee. You are most kind to comment and to send me a copy of your bill, The Talented Teachers Act of 1983. I have read the materials with interest and commend you for what you are trying to do. Such efforts are encouraging. Let us hope that the kinds of improvements that we both are seeking will soon be forthcoming.

With best wishes,

Sincerely,

DEREK BOK, *President.*

INTERNATIONAL BUSINESS MACHINES CORP.,
Armonk, NY, January 9, 1984.

Hon. RON WYDEN,
Congress of the United States,
Washington, DC.

DEAR MR. WYDEN: It is very encouraging to see action being taken to address the serious concerns expressed in the reports on primary and secondary education published by the Task Force on Education for Economic Growth and many others.

I believe that attracting the best possible talent we can into the teaching profession may be the single most important objective we can collectively address. I am delighted to see that you are addressing it.

As you noted, your proposal alone will not "fix" the problem, but it does sound like a constructive step in the right direction. I trust that your legislation will motivate these new teachers to teach where they are most needed.

Sincerely,

FRANK T. CARY,
Chairman of the Executive Committee.

[From the Fresno Bee, Jan. 2, 1984]

INVESTING IN TEACHERS

With a shelf-full of recent reports bemoaning the state of American education, the topic has become a political excitement. But thus far precious few good ideas have emerged, either from President Reagan—who eschews additional federal aid in favor of restoring old-fashioned values, as if a choice between the two had to be made—or his Democratic opponents, who have contended themselves with urging "more."

Now comes a modest and sensible proposal for federal aid in one area where it can do some good: enticing able college students into teaching careers. Legislation introduced by Rep. Ron Wyden, D-Ore., would provide scholarships of up to $5,000 a year, awarded regardless of financial need, to would-be teachers graduating in the top 10 percent of their high school classes. Those who received scholarships would be obliged to teach a year in a public school for every year of scholarship support—or reimburse the federal government, with interest.

The need for abler young teachers is evident, for the best and the brightest these days are generally not being attracted to public education. The average prospective teacher scores 394 (out of a possible 800; 500 is the average for all students) on the verbal portion of the Scholastic Aptitude test, 419 on the math exam. And those scores, lower than those recorded for almost any would-be professionals, have been dropping during the past decade. Although the test scores are not determinative of teaching ability, the fact that relatively weak students are opting for the classroom reflects the prevailing—and quite wrong—attitude that the quality of public schools doesn't much matter.

Offering college scholarships sends a different and more positive signal about the national concern. The plan should attract better teachers—as many as 10,000 a year—into the schools. The success of the National Health Service Corps scholarships, which offer comparable aid and to health professionals who commit themselves to stints in underserved areas, offers reason to believe that the program might work.

Not even generous scholarships will turn these recruits into career teachers however. That will require higher salaries, better working conditions, and a commitment to excellence on the part of the schools. But at $75 million, this measure is a blue-chip investment in American education.

[From Education Week, May 4, 1983]

INCENTIVES, NOT TESTS, ARE NEEDED TO RESTRUCTURE THE TEACHING PROFESSION

(By Gary Sykes)

Teaching is an imperiled profession. Recent research indicates that at every point of choice—from selection of a college major through the decision to remain in or leave the classroom—the most academically able eschew the teaching profession. Moreover, while in recent years declining student enrollments have meant a teacher surplus, shortages in such critical areas as mathematics and science are already upon us. Within a decade, more general shortages are likely, due to a drastic decline in the number of education-school graduates (down 50 percent from 1972 to 1981), and to the retirement of a sizable portion of an aging teacher workforce. To be sure, effective teaching is measured by more than academic ability reflected in scores on standardized tests. Yet parents in most communities desire for their children bright, articulate teachers, with a strong grasp of subject matter.

To date, the response of policymakers to the decline of the teaching profession has been largely symbolic, emphasizing regulatory measures that misconstrue the problem. Mandating competency tests for prospective teachers and otherwise tightening licensing and certification requirements may screen out the least academically able teacher candidates, but such actions will not contribute to the more important task of attracting bright, committed young people to teaching, nor will they sustain them throughout a career in the classroom.

Furthermore, to raise entry standards considerably will serve by itself only to induce a teacher shortage. One study estimated, for example, that a requirement to score above the median on tests like the Scholastic Aptitude Test (S.A.T) or the National Teachers Examination would exclude between 70 to 75 percent of all prospective teachers. In fact, if those scoring below the lower fifth of all students on the S.A.T. were denied admission to teacher-education programs, approximately 35 per-

cent of those enrolled would be excluded. (This, by the way, is a strategy that the chief state school officers have recently recommended in a draft report as a means of raising teacher salaries through market pressure. I'm not sanguine about the prospects. A more expedient response to the threat of teacher shortages is to waive entry requirements rather than to raise salaries.)

Policymakers at all levels must take steps to make teaching more attractive as an occupation. And since the spate of recent state regulations don't address the problem more attention must be given to incentives. We must develop an incentive-based teacher policy system, which, over time, can restructure the teaching occupation, making it competitive once again. In an era of fiscal austerity and public accountability, however, we must utilize incentives selectively, tying them to indicators of quality whenever possible. Specifics of an incentive-based approach should be tailored to individual circumstances in particular locales, but there are several general issues to consider.

Policymakers must carefully weigh what purposes incentives might serve. There are several, including recruiting high-caliber candidates; identifying and rewarding excellence; retaining effective teachers in the classroom; encouraging professional development; and providing an efficient, equitable distribution of teachers within a school system.

Efforts to recruit teachers with scholarship- and loan-forgiveness programs are already under way. In several areas, notably the state of Tennessee and the Charlotte-Mecklenberg School District in North Carolina, "master-teacher" schemes have been proposed as a long-range strategy for retaining good teachers. Other districts have utilized sabbaticals and small-grant programs for teacher-initiated projects to stimulate professional development. (A notable example of a small-grant program is the Exxon Education Foundation's Impact II program in New York City.) And many jurisdiction's announce "teacher of the year" awards with fanfare, a practice whose value could be increased by making rewards more plentiful and varied. Also, some districts, including those in Houston, Los Angeles, and Miami, now offer extra pay to teachers willing to work in inner-city schools.

Given the lack of opportunities for career advancement in teaching and the profession's meager start-to-end salary ratio of one to two, as well as the rising average age of the nation's teachers, incentives that help good teachers "stay fresh" over a career are particularly important.

Incentive size is a second major issue. How much of what sort of incentive is necessary to attract, sustain, and retain teachers? On this matter, economists should be able to assist policymakers, but there is little information to draw upon.

A number of locales, though, have experimented with pay increases. Los Angeles has offered an 11-percent increase for teaching in the city center. Houston offered an initial bonus of $800 on a $16,000 starting salary for mathematics and science teachers, increasing it in 1982-83 to $2,000. Since Houston also offers a $2,000 bonus for teaching in its inner-city schools, beginning mathematics and science teachers there can now earn $20,000, a salary that is 25 percent above the district's base. In England, a series of national reforms in the 1970's provided so-called "school-of-exceptional-difficulty" allowances of 5 percent to 10 percent above the base for teachers working in urban schools.

The evidence available on these experiments suggests that modest salary incentives in the 10-percent range affect the supply, turnover, and distribution of teachers only marginally. The influence of salary incentives on teacher quality is even less clear. Ideally, we would like to know something about the relationship between marginal increments of salary and the behavior of effective teachers or promising teacher candidates. Lacking such knowledge, we must experiment as Houston is doing, adjusting incentives, then observing their effects.

Third, in the face of limited resources and increased pressure for accountability, policymakers must consider how best to link incentives to performance. The prevailing pattern in education links incentives to status (such as gaining tenure or earning a master's degree), not to performance. Such a system has some obvious advantages. It is easy to operate, equitable, and harmonious. All teachers are treated alike in a perfectly unambigous fashion, preventing discord and making administration quite simple. However, these advantages have a price: When the exemplary and the incompetent receive the same rewards, excellence goes unrewarded.

But the history of what is often called "merit pay" in education and in other fields suggests that it seldom works as planned. Either merit increases are routinely distributed to all or extraneous factors such as favoritism and political control enter, producing resentment among those who must work together on a daily basis. The key, of course, is to develop valid, objective criteria with behavioral or other

indicators for performance. While this task is technically possible, the costs of systematically collecting such information are great.

Another altenative is to use a nominations process for the distribution of awards. A panel of teachers, administrators, and others could develop criteria and make award decisions. Such a plan would at least serve to recognize outstanding teachers, without introducing the adverse consequences of merit pay. The performance base for incentives will always be a difficult problem, but localities should begin to consider schemes to introduce links between performance and incentives.

A uniform salary scale tied to status instead of performance also inhibits school systems from selectively introducing incentives to meet delimited problems, such as those currently posed by the shortage of mathematics and science teachers and the inability of inner-city and rural schools to attract and hold teachers. Because we cannot afford to raise all salaries to deal with these problems, the solutions of hiring unqualified teachers, reassigning teachers to part-time work outside their areas of certification, and increasing class arise all reduce the competence of the teaching force.

The introduction of pay differentials would likely produce some ill will among teachers, rising questions about the value of one subject as opposed to another. But salary differentials have long been accepted in other occupations, including university teaching. The stakes are high enough today to warrant at least experimenting with this idea.

Another issue concerns the relative merits of individual versus collective incentives. Most discussion of incentives has focused primarily on those aimed at recruiting and retaining individual teachers, but much recent research has stressed the school as the critical unit of learning and reform. This and other literature also suggest that effective teaching is dependent on the context in which it occurs. In fact, the various characteristics of schools probably are as potent an influence on teacher effectiveness as are teachers' personal qualities or the training they receive. Perhaps then, attention should be paid to incentives operating at the school or department level (such as summer employment to work on school-improvement efforts or release time for cooperative curriculum planning), which might augment individual income while encouraging collective responses to professional matters.

Incentives also offer an opportunity to reallocate existing resources. Certain school districts are beginning to explore ways to alter the distribution and balance of rewards and incentives to make teaching more attractive. For example, the San Francisco school district currently offers teachers a choice between class size and salary. Teachers who accept larger classes are paid more. And the Ogden, Utah, school district has recently shifted from a nine month to an 11-month salary for teachers, increasing the average annual salary by a substantial amount. In return, teachers accepted larger classes and engaged in curriculum development and other professional work during summer months. There is more room for innovation within existing budget constraints than might be expected and any district could begin the search for alternatives immediately, without passage of a school bond or additional state funds.

The removal of disincentives should also be considered. In addition to the absence of attractions, teaching has features that discourage capable people from entering it and staying in it. Some contend, for example, that state licensing and certification laws prevent capable liberal-arts graduates from teaching because they have not taken the requisite courses in schools of education. The same applies to knowledgeable people in business and in the community who, their lack of "credentials" notwithstanding, might teach part time.

Finally, there is the question of who should determine and distribute incentives. One choice here is between centralized and decentralized decisionmaking. If there is widespread agreement about a problem that affects the members of a large jurisdiction, or if individual rights and compliance with the law are involved, then centralization is preferable. A state, for example, could establish a scholarship program for prospective teachers (as in fact several states recently have done for prospective mathematics and science teachers), or it could supply grants to local districts to invent ways to attract and retain teachers. On the other hand, if responsiveness to a variety of local conditions is desirable, then a more decentralized approach has appeal. A school district could establish a centrally administered program to involve teachers in program development or could supply small grants to teachers to invent their own curricula.

A second choice involves the use of public- versus private-sector incentives. Given the growing interest in bringing the private sector into school-reform efforts, public incentives—such as tax breaks—could be used to encourage corporations to provide part-time employment for teachers or to make their employees available for part-

time teaching duties. Also, the growing number of savvy superintendents who are cultivating networks with influential community and corporate leaders can use such contacts to address the fundamental problems of teacher quality.

I am under no illusion that public policy alone can restore the satisfactions of teaching. Such a matter lies beyond policy's reach. Yet for all its instrumental value, policy also serves expressive purposes and can articulate our ideals. There is today no more vital role for educational policy than to affirm the value of teaching and the importance of holding teachers to high standards of commitment and conduct. Policies linked to a rhetoric of excellence that emphasize rewards and incentives can make a critical contribution to the renewal of teaching as a deeply fulfilling and uniquely valuable enterprise.

But we must depart from the *status quo;* we must begin to broadly reconfigure the teaching occupation if it is to remain viable. And we must begin now.

Mr. SIMON. With those final words, we accept all your recommendations. [Laughter.]

Let me first, just in a general way—and you alluded to this, this coming shortage of teachers—if we do not take some steps to see that we attract and keep more of the brightest and best, there is a real danger that our already severe problem is going to become more severe; is that correct?

Mr. WYDEN. Absolutely. I think that on the task force, what we found is the brightest are the ones who are most likely to leave the profession, and a lot of them in even course subjects that are particularly important, such as math and science.

Mr. SIMON. Your point on working within the State. Let me just give you the background of why we did it. In fact, the State you use is an illustration in reverse of why we did it. Your statement says, "Worse yet, what if that particular State had no teaching shortage, but another State such as Arkansas did?"

The reason for putting it—and I don't feel that strongly—is if you got trained in Arkansas and we have worked out this dispersal, we ought to keep some of those bright teachers in Arkansas and not have them go to Oregon or California or some equally attractive State like Illinois to teach, there ought to be some impact within that State of the program.

Do you have any reaction to that?

Mr. WYDEN. I think that is a good point. I think we both want to do the same thing. Maybe even a kind of triggering mechanism where if two States needed, you first were in your home State, and then somewhere else. I think we ought to be able to figure out a process so that we do exactly what you are talking about. That is something that I would support. If a triggering mechanism or something else was used to send you somewhere else, we might be able to balance the two interests. We certainly don't want States to come up short on their own people.

Mr. SIMON. Let me mention one other suggestion that has been made. We say that they have to teach in a public education program. Our friends who are representing the Roman Catholic schools here have suggested there is also a very real need and, if that public service is provided in a nonpublic school, that also ought to be credited.

Do you have any reaction?

Mr. WYDEN. I would very much like to see that, Mr. Chairman. I have visited at length with friends in Portland from the Catholic Sentinel and others there in my home district, and they persuaded

me that that would be a good policy change as well, and I would very much like to see that done.

Mr. SIMON. I thank you very, very much for your testimony, and even more for your leadership.

Mr. WYDEN. Thank you so much, Mr. Chairman.

Mr. SIMON. I am proud to have you as a colleague.

Mr. WYDEN. Thank you very much.

Mr. SIMON. We now have panel of witnesses with Dr. Sharon Porter Robinson, director, instruction and professional development of the National Education Association, a frequent visitor to these halls back some years ago; Dr. Patricia Albjerg Graham—in fact, she has moved up in the world, and not only is she dean of Harvard University Graduate School of Education, but she used to be just Dr. Patricia Graham, and now she has added that Danish name—and Dr. Robert Saunders, dean of Memphis State University College of Education. We are pleased to have all three of you here.

Dr. Robinson, we will start with you.

STATEMENT OF SHARON PORTER ROBINSON, DIRECTOR, INSTRUCTION AND PROFESSIONAL DEVELOPMENT, NATIONAL EDUCATION ASSOCIATION

Ms. ROBINSON. Good afternoon, Mr. Chairman. I am pleased to have an opportunity to comment before the subcommittee on title V of the Higher Education Act, and particularly to talk about the issues related to the training of teachers.

Mr. SIMON. If I may interrupt you just for a moment, all three statements will be entered in the record in full, and how you want to proceed, you may summarize or whatever you want to do.

Ms. ROBINSON. Let me say that we have stated previously, before this committee as a matter of fact, that we believe strongly there are three issues that affect the quality of education in public schools: One, the talent attracted to the teaching profession; two, the quality of training that these teachers receive; and three, the environment and conditions in which these teachers practice and provide educational services.

We believe that title V can indeed provide some leadership in each of these areas. It can do much to help to enhance the esteem and respect afforded the profession.

Let me talk briefly about attracting the talent pool. You have already discussed the Carl Perkins scholarship and the general fellowship program. We will submit some comments on these programs, changes that we would suggest to make them perhaps more effective, including a look at the requirement of the 2-year payback.

We are concerned about this particular requirement because of a concern for the pressure this might place on the young people who are making very difficult decisions about career options and career opportunities, and to have to commit 8 years of service at a very young age might be asking a bit much. That would be a rather imposing decision to have to make.

Also, we would suggest that you consider expanding the eligibility pool to include the prospect of talented college freshmen and

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sophomores who might make a later decision to consider entering the teaching profession and have them have this opportunity to get some support in their education.

We feel that these provisions, however, do convey a sense that the Nation feels strongly that entering the teaching profession is an honorable and admirable career choice, and it is to be encouraged.

We are also encouraged by the degree to which features of the bill encourage the partnership between K-12 teachers and faculty in higher education. I would like to provide a couple of examples of how the NEA is at work encouraging that kind of collaboration and partnership to improve teacher education, as well as to improve the quality of educational services offered at the local level.

By using the document, "Excellence In Our Schools, Teacher Education," which I have provided the Chair for the committee, we have several affiliates working with schools of education to upgrade the quality of teacher preparation. One project in particular will result in a kind of assessment model for students throughout the preparation program, which we think will indeed be exemplary.

Working with Radford College in Virginia and the Virginia Education Association, the NEA is supporting this project which we will publish this spring or summer, and in this publication, we will describe a comprehensive, qualitative and quantitative assessment program that will support all teacher preparation students throughout in courses that they take in the college of education, as well as they take in the courses that they take across campus, in arts and sciences or in other colleges.

The system that we are encouraging is a uniform system of assessment, evaluation, and evaluation which holds as a very key feature preparation to teach, as well as competent content expertise.

Other projects that we will be initiating involve collaboration with community colleges and 4-year institutions in a single community with the teachers in the public schools in order to address some significant instructional problem. I thought to mention this based on some of the comments made by Congressman Wyden, because I want you to understand that we do feel that we have to reach out and demonstrate a willingness to work with our colleagues in the institutions of higher education, and that we must be more assertive about finding ways to apply the particular expertise in the research universities, in the technical universities, to the instructional problems of our community, which began to be addressed in the K-12 public schools.

The issue of retaining teachers, we feel, is being addressed admirably in the concept of the professional development resource centers included in this bill. I can't begin to tell you how strongly we feel about this, because that is a feature of professional development and a feature of professional practice which we feel needs to be enhanced and understood better.

The professional development resource centers have the potential for fostering independence, creativity and interdependence among teachers as colleagues, and among educators within a given community to support the continued professional growth of practicing teachers. It is no less than we should do, and indeed we should do

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much more in order to provide support for professional development among the K-12 teachers and not have it be regarded as a fringe benefit or a perk. This is a process which is necessary in order to enhance the basic system. It is one that should be supported with public funds. We feel that the proposals here offer some leadership in that regard. We feel that the need is so great that indeed perhaps we may consider at some point reallocating some funds here so that we are addressing the bulk of the need in terms of the teaching work force, and look at ways of addressing some additional problems another way.

The term "educator" as the way of describing eligibility for participation in the development and implementation of professional development resource centers is probably a bit too nebulous to be very meaningful. We feel that the focus should be on teachers, and that some effort should be made to clarify the role of the teachers themselves in organizing these programs on behalf of their continued professional development and enhancing our understanding of just how they are supposed to operate.

Let me close by pointing out some findings from the 1983 national teacher opinion poll conducted by the NEA. A majority, about 52 percent, indicated some dissatisfaction with the quality of inservice education provided by their school systems.

Further, a study conducted by Chapman and Lowther measuring teacher satisfaction with teaching produced interesting information on the importance of professional growth opportunities. Among numerous factors that respondents had to select, teachers rated opportunities to learn new things highest in importance in judging professional success. Having such opportunities had a more powerful effect on reported job satisfaction and career satisfaction than any other form of achievement considered in this study.

The effective teacher, Mr. Chairman, is not only a continuing learner, but one of whom our society places a vast responsibility, which is the instruction of the next generation.

I wish to commend you and the subcommittee for working on developing some proposals, concepts and ideas that might help to advance the support necessary for this important enterprise.

Mr. SIMON. We thank you very much for your testimony.

[Prepared statement of Sharon Robinson follows:]

PREPARED STATEMENT OF SHARON ROBINSON, DIRECTOR OF INSTRUCTION AND PROFESSIONAL DEVELOPMENT, NATIONAL EDUCATION ASSOCIATION, WASHINGTON, DC

Mr. Chairman: My name is Sharon Robinson. I am Director of Instruction and Professional Development for the National Education Association. It is a great pleasure for me to appear before this distinguished Subcommittee once again and to share with you today our views regarding several issues of vital interest to the NEA and the over 1.7 million elementary, secondary, and postsecondary members we represent.

The federal role in—and commitment to—postsecondary education has long been of deep and continuing concern to our Association. This is not merely an outgrowth of our being the nation's largest organization representing postsecondary faculty and staff. Rather, it stems from our unalterable view that higher education—like its elementary and secondary counterparts—is a basic and fundamental cornerstone of our society. It helps to provide the very underpinnings for our economic life, our national security, and our quest for equity, equality, and opportunity. This is our view as higher education faculty members, as educators, as parents, as concerned and active citizens.

HIGHER EDUCATION IN OUR NATIONAL LIFE

The quality of postsecondary education has been important in the past but it has never been more critical to our survival than it is today. Indeed, America's destiny is tied directly and inextricably to how well we educate our country's children. It will be our colleges and universities—building on our system of universal free public elementary and secondary education—which will train the scientists and researchers who will help our nation advance; educate the scholars, artists, and philosophers who will enrich our national life; and provide us with the skilled workers who will fuel our economy. Consider the fundamentals.

(1) *Higher education is vital for America's economic growth and vitality.* Our work force is going through an enormous transition—a revolution really—that is shifting traditional patterns of employment, accelerating the pace of already dizzying technological change, and placing tremendous new demands on the skills and abilities of our people. As Peter Drucker has noted "Knowledge has already become the key to productivity, competitive strength and economic achievement." By investing in higher education, we invest in our future.

(2) *Higher education is crucial to a strong democracy.* A vibrant and responsive democracy depends upon an educated and informed population. It was this underlying fact that helped spur the great American experiment to provide a free public education of high quality to each and every one of our citizens. Today, as our society becomes larger and more complex, the demands on our people to understand the issues before them in our democracy are becoming increasingly more difficult and urgent. Clearly, to participate appropriately in the decisions which affect our own lives requires an increasingly better educated and sophisticated population. Higher education—which has been so essential in transmitting the history and value of ideas—provides the means by which we can meet this challenge.

(3) *Higher education is essential for social justice.* Education is, quite simply, the ladder of opportunity for the vast majority of our people. For most, it is more than just the key to a fair chance, to individual advancement, to better jobs, to greater success, even to self-respect, it is the key to the very future itself. Higher education can provide the difference between a lifeline of opportunity and a lifetime of struggle. Or colleges and universities can—and must—play a pivotal role in providing the equity and access requisite to a just society.

Mr. Chairman, these thoughts are not new. Their roots go back to the earliests days of our nation. And out of them has grown a firm federal commitment to the support, expansion, and improvement of postsecondary education. From the Northwest Ordinance of 1787 through the Morrill Land Grant Act of 1862, from the GI Bill in 1944 through the National Defense Education Act in 1958, from the Higher Education Act of 1965 through the Middle Income Student Assistance Act in 1978, America has rededicated itself to this commitment. We commend you and the Members of this Subcommittee for your leadership in beginning once again to build on this base, to look toward the future, and to seek new and substantial ways to extend and enhance the federal partnership in higher education. Your leadership is particularly reassuring in light ot the environment of the last four years.

The current Administration has shown a callous disregard for the well-being of our students, the vitality of our schools, the importance of American education. Its record speaks for itself. This Administration has attempted:

to undermine virtually every major advance mandated by the enactment of the Middle Income Student Assistance Act of 1978 and the 1980 reauthorization of the Higher Education Act;

to eliminate the Supplemental Educational Opportunity Grant program; the State Student Incentive Grant program; assistance for cooperative education, teacher education, international education, libraries, and campus programs serving veterans; graduate fellowships for women and minority-group students; and aid to states for higher education planning;

to slash the budget for the Pell Grant program and to reduce federal student assistance to middle income students;

to limit the Guaranteed Student Loan program and to increase the costs to those who participate in it;

to stop any new funds for the National Direct Student Loan program, reduce support for education research, and cut funding for science education;

to gut the law barring sex bias in federally assisted educational programs;

to end Social Security Survivor's benefits for students;

to dismantle the United States Department of Education;

to create new expensive programs for tuition tax credits.

We are all indebted to this Subcommittee and to the Congress for its leadership in resisting some of the most draconian of the Reagan Administration's proposals. At the same time, we must recognize that very severe damage has been done.

The number of participants in the Pell Grant program—the basic federal program to promote access to postsecondary education for those in need—has fallen dramatically. There will be, in fact, some 124,000 fewer grants awarded in the current fiscal year than there were in FY 1980. And the purchasing power of those Pell grants which remain has eroded as well. This year there will be over 200,000 fewer grants awarded under the National Direct Student Loan program than four years ago and there will be 50,000 fewer participants in the TRIO programs. As many as a half million formerly eligible students are now ineligible for Social Security education benefits. Program after program of institutional support has had its budget reduced by outright cuts or the effects of inflation.

It is, thankfully, possible for us to repair the damage done to our educational system by these policies. We can pass new laws, add additional resources, develop more appropriate and beneficial rules and regulations. The real and unrelenting tragedy, however, is not the one facing our schools and colleges. It is the human waste these actions may have caused. For many of the tens of thousands of young people who have been directly affected by these policies, there will be no second chance, no way to rebuild the wreckage. For these individuals—invisible to most of us, without a voice and without much hope—the Reagan Administration's education policies will mean lives of lessened opportunities or heightened dispair.

REAUTHORIZATION OF THE HIGHER EDUCATION ACT

We believe that it is well beyond the time to reverse the tide that has been eroding the federal role in postsecondary education. Now is the moment to begin to fortify once again the national commitment to higher education—to assure equality of educational opportunity, to promote research and the pursuit of knowledge, to accelerate the development of our country's intellectual and human capital, and to preserve the diversity of our educational institutions.

Over the years no statute has been more important in advancing these goals than the Higher Education Act. It stands as the very foundation of America's postsecondary programs and policies. And its reauthorization provides us with the opportunity not only to recommit ourselves to a full and appropriate federal partnership in higher education but to strengthen each of those programs encompassed within it.

We recognize that the complexity of the issues involved and the importance of this legislation require that the process for reauthorization be a careful and deliberate one. We stand ready to work with this Subcommittee to assure that the Act that finally emerges meets the test of the finest possible public policy.

It is with this in mind that we offer the following preliminary comments on the reauthorization of the Higher Education Act. Inasmuch as the full 356-page text of H.R. 5240 has been available only for the past forty-eight hours, we would hope to have the opportunity to expand on these observations after we have had an adequate amount of time to study the legislation. For the sake of simplicity, my comments today will be structured for the most part around the twelve program titles delineated in the current Act.

Title I: Continuing education

Under the existing law, Title I (Continuing Postsecondary Education Program and Planning) is subdivided into two parts: Part A, the Commission on National Development in Postsecondary Education, and Part B, Education Outreach Programs. Neither of these Parts has ever been funded and, in fact, the authority for Part A has expired. We believe that Congress now has an appropriate opportunity to restructure this title in order to better meet the needs of so-called "nontraditional" students.

Over the past two decades, the proportion of such nontraditional students—including the disadvantages, the disabled, displaced workers and homemakers, older students, veterans, the incarcerated, refugees, those who can attend school only part-time—has increased dramatically. Indeed, those students with characteristics that had been considered as "nontraditional" in the recent past are rapidly becoming the mainstream in American educational life. Yet, despite the fact that the number of these individuals is nearly equal to the number of their more "traditional" counterparts, programs to meet their often unique educational needs are scarce. Therefore, NEA believes that postsecondary institutions should be encouraged to develop and reward the establishment of programs to promote equal access and high achievement by nontraditional learners and to increase the opportunities for life-

long learning. To this end, we are encouraged by the general concepts contained in H.R. 5240 to provide discretionary grants to demonstrate alternative approaches to meet the needs of underserved adults; to increase literacy training; to expand programs in correctional facilities; and to better serve veterans.

Title II: Library resources

Libraries are a central element in the promotion of educational excellence and advancement, yet many—due to severe financial constraints—have been unable to keep up with the rapidity of technological, scientific, and curricular change and with the ever-increasing need for books, periodicals, and equipment. This situation, endangering the vitality of our postsecondary institutions and the quality of the educational experience, has been made all the more serious by the substantial cutbacks in federal assistance for current Title II programs. Part A (College Library Resources) received no federal appropriation for fiscal year 1984; the three programs under Part B (Library Training, Research, and Development) received a total of less than $900,000; and Part C (Strengthening Research Library Resources) was funded at a mere $6 million. The President has requested no money for any of these programs for fiscal year 1985.

NEA believes that both undergraduate and graduate libraries and information networks must receive sufficient support to ensure a high quality educational environment. We support the retention and extension of the current authorization with appropriate increases in the potential levels of funding and we are prepared to endorse the concept of the addition of a need factor in terms of the distribution of funds under Part A. At the same time, we urge the Subcommittee to consider the inclusion of a new Part E to authorize the Secretary of Education to make grants for technological equipment necessary for strengthening library resources.

Title III: Institutional aid

It has long been our view that priorities must be maintained for categorical programs directed at the specific need to strengthen developing institutions, including our nation's historically Black colleges. We believe that colleges and universities which serve primarily disadvantaged students and which struggle to provide quality education must be provided special assistance to strengthen their academic programs and management.

Title III of the Higher Education Act has done precisely that; it has played a substantial role in improving the academic quality, institutional management, and fiscal stability of eligible institutions in order to increase their self-sufficiency and strengthen their capacity to make a contribution to the nation's higher education resources. This Title deserves to be retained and expanded.

We believe the federal government can play an appropriate part in helping to strengthen historically and traditionally Black colleges and universities. It is important to recognize and to foster the significant role that such schools have played in assisting a large—and often otherwise underserved—segment of our population attain academic achievement and excellence and in furthering the intellectual and cultural capacity of our nation.

At the same time, we believe that it remains important to recognize and support the central role of our country's two-year community, junior, and technical colleges in serving vast numbers of nontraditional and disadvantaged students. Founded in an attempt to increase postsecondary opportunities for all of our citizens, many of these colleges are still struggling to find their place in the mainstream of American academic life. The community college set-aside in Title III is a response to this reality. We urge that it be continued.

Title IV: Student assistance

Mr. Chairman, for the past twenty-five years, our government has honored and built upon a basic commitment to assist young Americans to finance their postsecondary education. The National Education Association has firmly supported and encouraged the maintenance and growth of this commitment. We believe that the primary goal of federal student aid programs must be to guarantee access to postsecondary education for all of our citizens, while at the same time encouraging the pursuit of the type of educational opportunity that is best suited to each individual's need and desires. Access to American colleges and universities should not be restricted for any student because of financial necessity.

It is with this in mind that we make the following recommendations.

1. The authorization of appropriations of federal student assistance programs—including grants, low-interest loans, and work-study—must be sufficient to allow all qualified students to pursue postsecondary education. In our view, moreover, the

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principal form of federal financial aid should be grants first, then low-interest loans and work-study to enable disadvantaged and middle income students to attend postsecondary institutions.

We believe it is particularly important for the Pell Grant program to be expanded, with award levels increased and the program becoming a true undergraduate entitlement program. In the new world ahead of us, our people should be entitled to an appropriate postsecondary experience just as they should to a quality elementary and secondary education.

2. The half-cost provision of the Pell Grant program should be eliminated. This provision serves only to discriminate against the most disadvantaged students attending low-cost schools. We further believe that the limits on the cost-of-attendance provisions should be eliminated, so that students who live off-campus will not have their non-tuition expense limited by an arbitrary figure.

3. It is essential that student aid reach nontraditional students, including those who can attend school only part time. Restrictions in current programs, should be removed so that these individuals can become eligible for all student assistance programs.

4. We believe it is inappropriate to continue the present policy of treating tuition for private and parochial elementary and secondary education as a non-discretionary expense in the Pell Grant program.

5. The current delivery system of federal student financial aid programs must be simplified to allow students and their families to take full advantage of postsecondary education programs.

6. There should be greater stability in aid formulae; frequent changes through either legislative or executive action must be avoided so that students and their families, as well as institutions, can engage in reliable financial planning.

7. The income cap on Guaranteed Student Loans (GSLs) should be raised. The in-school interest subsidy for GSLs should be maintained, and student loan origination fees should be eliminated. The annual and cumulative loan maximums for both undergraduate and graduate students should be increased. Moreover, grant programs must be sufficiently authorized and funded to ensure that student loans are supplemental, and that students are not forced to incur a high debt burden in order to obtain an advanced education.

8. We believe that campus-based funding under the SEOG program and the NDSL program should be continued. Increased flexibility is welcomed. However, it must not undermine the basic purposes of equity, access, and choice which have been the foundations of these programs.

9. The TRIO programs which provide valuable outreach, counseling, tutoring, and remedial services should be strengthened and expanded. These programs—Educational Opportunity Centers, Special Services for Disadvantaged Students, Talent Search, Upward Bound, and a training program for TRIO staffs—have been tremendously successful in encouraging youth and veterans with academic potential to enter postsecondary education where they otherwise would not. In so doing, they have afforded low-income students a realistic opportunity to escape cycles of poverty and dependence and to achieve the potentials offered by higher education.

10. The HEP-CAMP program for migrant students should be expanded. The current authorization level is inadequate to meet the enormous need of this vulnerable and often overlooked population.

Title V: Teacher preparation

This title of the Act forms the basic link between the interdependent activities of elementary and secondary schools and institutions of higher education.

NEA believes that three primary factors affect the quality of education in our public schools today: 1) the talent attracted to the teaching profession; 2) the quality of training teachers receive; and 3) the environment and conditions in which teachers practice, including the degree to which professional development is fostered. Title V can provide leadership and assistance in each of these areas. When making an occupational choice, students are influenced by the degree of esteem accorded to an occupation. This esteem is gauged by salary, professional respect, and the working conditions which serve as a central foundation for professional practice. Recent reports make this clear.

One of these, Mr. Chairman, was your own Merit Pay Task Force report which notes: "Too often we are not attracting the finest students to teaching, and too often we are not keeping the finest teachers . . . The key role played by teachers suggests that the most rapid improvement in education may be made by upgrading the profession." We believe the following components can serve to focus the federal effort on some critical areas that need to be addressed.

Talent Attracted to Teaching

There are three important extrinsic conditions which can attract men and women of intelligence, spirit, and capacity for leadership to teaching careers. They are: 1) adequate salaries; 2) assistance with financing postsecondary education leading to teaching certification; and 3) a climate which accords teachers a greater measure of professional respect and growth including the opportunities afforded them for professional development. The salary issues are vital ones which can currently best be addressed at the state and local level. I will discuss professional development opportunities later in my testimony.

With regard to assistance in financing postsecondary education, NEA believes that merit scholarships such as the Carl D. Perkins Scholarships as proposed in H.R. 5240 are a good framework for attracting outstanding high school graduates into the profession.

NEA is pleased to note the recognition in the bill that a potentially fine teacher is more than a student with high grades. Other indicators of teaching potential include teacher or principal recommendations, leadership qualities or creativity exhibited, and community service, particularly in areas which involve working with children and youth (such as tutoring or organized recreational activities). No single standard measuring an individual's knowledge can demonstrate whether that knowledge can be taught to others. For this reason, where the bill provides for scholarships to be awarded to talented high school seniors in the top 5 percent of their classes, we would like to see it broadened to seniors in the top 10 percent of their graduating class.

Further, the candidate pool for such scholarships should be broadened to permit them to be awarded to meritorious college freshman or sophomores since the choice of a career is often not made until these years. In the case of college undergraduates, a composite picture should be developed including the candidates' class standing as well as other indicators of teaching potential such as those I have discussed. Consideration should be given to the appropriate level of academic standing to be used for college undergraduates. The top 20 percent of freshmen and sophomores should suffice since this population is generally of a proven academic caliber.

One additional concern we have with the proposed scholarship program is its requirement that recipients teach two years for every one year of assistance. This would mean that a teacher scholarship would carry with it an eight-year obligation for a student assisted for four years of undergraduate education. We are concerned that asking a young person to make a commitment for this length of time might discourage otherwise excellent candidates. As anxious as we are to see good people remain in the profession we believe this requirement is unrealistic and should be reduced to one year of teaching for each year of assistance.

Mr. Chairman, we are very pleased to see H.R. 5240 transmit this positive signal to our nation's youth: that teaching is an admirable and important career to embark upon and deserving of national attention.

Quality of Teacher Education

Let me now turn to the quality of education which teachers receive. There has been much criticism by NEA and other groups that the quality of postsecondary education for teachers is not as demanding as it should be. While not true in every instance, there are considerable problems—insufficient or low standards for students; the lack of strong, clear standards of professional education to prepare teachers in the more than 1300 higher education institutions with teacher education programs across the country; and a lack of collegial or institutional support for teacher education programs within the university or college.

NEA believes, and our experience confirms, that teacher education programs must be strengthened, and that a key element of that is better connections between faculty in colleges and departments of education and practicing K–12 teachers. We must value and use the knowledge of the practicing teacher in the development of the best preparatory programs. An awareness of the mutual goals of teachers and higher education faculty must be fostered. Opportunities for joint endeavors and collegial exchanges should be provided regularly. The relevance of education courses to effective teaching is enhanced when teachers in today's classrooms are involved in advising on course content and offerings or serve as lecturers or visiting faculty. Faculty members, in turn, can alert classroom teachers to the latest pedagogical research.

NEA has recommended a full program for excellence in teacher education which I have provided the Chairman today for the benefit of Committee members. It includes a professional standards board of teachers and other education professionals

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which would monitor and assess programs of teacher education in each state, coupled with accreditation from the National Council for Accreditation of Teacher Education (NCATE). In addition, field experiences must be sequenced throughout the preparation program so teacher trainees may be adequately prepared and so that potentially ineffective teachers may be steered into other occupations. Furthermore, programs must provide each prospective teacher candidate with a continuous, comprehensive assessment of progress. Incentive grants to encourage exemplary teacher education programs which embody these ideas should be made to institutions of higher education and state agencies for accreditation.

As an example of the organized profession working with teacher educators to improve teacher preparation I would call your attention to a project currently being conducted jointly by the Virginia Education Association and the Radford University faculty. This project will provide a model for institutions of higher education in the development of a comprehensive quantitative and qualitative assessment of teacher education students which can serve as a basis to determine their ability to begin practice.

Title V, Part E of H.R. 5240 is a good beginning which would be enhanced by combining what are now three separate grant programs for Teacher Education, Exemplary Programs, and School/College Partnerships into one. The activities in Sec. 541 are important and valuable ones but are essentially insular in nature. They lack some important ingredients to promote outreach activities by colleges and universities to elementary and secondary schools and their teachers, or the reverse—thereby breaking beyond the confines of the campus. These activities are expressed in Sec. 542, Exemplary Programs, and Sec. 543, School/College Partnerships. Exemplary or model programs should be viewed as those that bridge the gap between the training they offer and the real and everchanging world of the classroom.

The Environment in Which Teachers Practice: Continuing Growth for Teachers in the Classroom

Finally, let me turn to the environment in which teachers practice and the need for continuing growth for teachers in the classroom. It is important to set the stage for this discussion by making the distinction between staff development and professional development. The former is other-directed training. The school district determines the program and requires a teacher's participation as a member of a school or school district team (for example, the introduction of a new math curriculum). Professional development is self-directed education. It derives from individually identified needs for development or growth in order to perform more effectively as a professional in the classroom and the selection of an appropriate means for meeting these needs. Unfortunately, most of the programs offered today are not professional development.

As your task force noted, Mr. Chairman, we must build into the system more adaptable means to renew and refresh our current teaching force. Professional development programs must be flexible, including such things as problem-solving by groups of teachers; the sharing of curriculum models and ideas for classroom improvement; a regular means to update skills and knowledge base; and multiple opportunities for exposure to intellectually stimulating education ideas. As an example, professional development activities might include an individual teacher seeking advice and assistance with diagnostic and prescriptive techniques for a learning disabled child in his/her classroom or learning a specialized reading technique for use with a gifted child. One of the best mechanisms to accomplish this within the school bureaucracy is to provide teachers a chance to voluntarily learn together with their colleagues in a collegial and sharing environment.

Teacher burnout is a real problem. As the Carnegie Foundation reported: "Strikingly, while performing these myriad duties, teachers spend little time in the company of other adults. This one condition may, in fact, separate teaching from most other professions . . . The combination of the self-contained classroom and a heavy teaching schedule gives teachers few opportunities to share common problems or sustain an intellectual life."

Among the contributing factors to teacher stress and teachers dropping out of the profession, Dean Corrigan of Texas A & M University points to the "treatment of teachers as executors of somebody else's orders rather than professionals capable of making educational decisions."

To respond to these concens, the NEA proposes a program of Professional Development Resource Centers (PDRC) for practicing teachers, which would provide year-round opportunities for personal professional development and collegial assistance in problem-solving. Teachers would be challenged to design programs to meet the

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particular educational needs of their students and to share models for excellence. Professional Development Resource Centers could foster independence, creativity, and a team approach to problem-solving. The centers could use a variety of resources including faculty specialists, business representatives, and community leaders to assist teachers in group and individual activities.

As we work together for excellence in education, teachers in the 1980s will deal with an ever more diverse school population including disadvantaged youngsters, refugees, the gifted, handicapped, limited-English speaking children as well as abused children, drug users, and emotionally disturbed children. The demands of the classroom and the ability to teach all these youngsters successfully requires many ingredients and teachers stand to benefit enormously from working with their peers, through such mechanisms as Professional Development Resource Centers.

The Centers should be locally designed and driven. They should enable and encourage LEAs to offer a program which would be responsive to practicing classroom teachers' needs; it should be professional education which is developed by teachers for teachers.

Mr. Chairman, let me commend you for including the rudiments of Professional Development Resource Centers in HR 5240. We are anxious to see the seeds of this idea take root for we believe it could be the most important element for the professional growth of teachers in the reauthorization of HEA.

As it is presently designed, Part D of Title V permits the funding of four activities: seminars, training and support systems for beginning teachers, projects to apply education research to the classroom, and finally Professional Development Resource Centers. We feel that Professional Development Resource Centers should be the sole focus of this part for several reasons. We view the seminars as a repetition of what is contained in Part C, Institutes and Workshops. The grants for training and support systems for beginning teachers are already built into the school/college partnership as we discussed in Part E. Assisting projects to apply education research to the classroom is a critical issue but is too limited here, and therefore should be an integral part of the other activities of this Title including Professional Development Resource Centers.

Further, we believe that designating "educators" as the eligible participants under this part is too nebulous and is really a catchall term that does not accurately describe the target population. The focus for Professional Development Resource Centers, and indeed for all of Title V, must be on teachers. In the 1982-83 school year there were over 2.1 million teachers in school classrooms along with 136,000 principals and other administrators. The teachers face 35 to 150 impressionable young students daily, each an individual case study, each challenging the teacher to provide different forms of help, encouragement, and instructional creativity. These teachers need and deserve the broader, continuous support of an ongoing, dynamic center to assist them. Administrator training needs are frequently already addressed by school systems and can be met through shorter-term, more concentrated development models such as the workshops or institutes provided in Part C.

In sum, Professional Development Centers can use the skills of teachers for the improvement of education and provide an avenue to realize our society's avowed respect for teachers as professionals.

NEA believes that federal grants to operate summer institutes and/or workshops for teachers and college faculty are also useful elements in continuing professional development. They can be particularly valuable to focus on a few specific areas rather than the variety of areas that can be dealt with in Professional Development Resource Centers. Classroom teachers and/or faculty (depending on the target audience) should be consulted beforehand to help identify the objectives of the institutes. It is also important that adequate financial remuneration be offered so teachers will be able to attend. A public myth is that teachers have the summer off. The reality is that teachers must work in the summer for their economic survival. Further, if "educators" are to be served by these institutes, we suggest that a clear direction be given by designating 15 percent of the funds for administration and the remainder for teachers and faculty.

One final but most important point regarding the institutes. The resource allocation between this part and Part D, Professional Development Resource Centers, should be reversed. $75 million should be authorized for Professional Development Resource Centers and $25 million for Institutes and workshops.

The National Teachers Fellowship concept laid out in H.R. 5240 is an excellent idea which can serve to honor outstanding teachers and advance the view of teachers as professionals interested in continuing intellectual growth and study. Unfortunately the proposal only provides for the awarding of two fellowships per Congres-

sional District. Consequently, it can serve to supplement the other recommendations in this paper but cannot substitute for them.

As part of a comprehensive program of school/college cooperation, NEA believes the American Defense Education Act must be enacted. Title II of ADEA is devoted to encouraging coordination between institutions of higher education and local educational agencies. It is directed to meeting the need for improvements in mathematics and science education including equipping new and practicing teachers with the training needed to meet current demands in this area. This program though focused on specific content areas, can serve as a model to advance school/college partnerships in other areas as well.

In the 1983 Nationwide Teacher Opinion Poll conducted by NEA, a majority of respondents (52 percent) indicated dissatisfaction with the quality of inservice education provided by their school system. A study conducted by David Chapman and Malcolm Lowther measuring teachers' satisfaction with teaching produced some interesting information on the importance of professional growth opportunities. Among the numerous factors that their respondents had to choose from, they rated the "opportunity to learn new things" highest in importance in judging professional success; having such opportunities had a more powerful effect on reported employment satisfaction and career satisfaction than any other form of "achievement" considered in that study.

Mr. Chairman, the effective teacher is not only a continuing learner but also one in whom our society invests special responsibilities—the instruction of the next generation. The students who enter colleges and universities must be adequately prepared in their K-12 schooling or they will not be able to master the level of study required of them at institutions of higher learning. Teacher education and professional development are central to education excellence and should be a central concern of the Higher Education Act.

Title VI: International education

Never has the need for international understanding and education been more apparent nor more pressing than it is today. The vast technological changes which have swept the continents have caused the world to function as a global village. Yet the United States has been slow to realize fully the importance—indeed the necessity—of inderstanding and learning to function in and among other countries and cultures. International education, foreign language programs, and international exchange programs must be retained, expanded, and adequately funded.

Title VII: Academic facilities

Title VII, Construction, Reconstruction, and Renovation of Academic Facilities, authorizes both grants and loans to assist colleges and universities to meet the physical challenges so many are facing: to become more energy efficient; to bring their buildings into conformity with the requirements of the Architectural Barriers Act of 1968, Section 504 of the Rehabilitation Act of 1973, or other federal, state, or local environmental, health, or safety requirements; to detect, remove, or contain asbestos hazards. Yet despite billions of dollars of unmet need, funding for this program has been minimal. Clearly, there is a pressing federal responsibility to assist in the renovation and repair of academic facilities. Moreover, we believe that to be truly meaningful, such assistance must be in the form of grants as well as low-interest loans.

Title VIII: Cooperative education

Title VIII has provided the authorization for the Cooperative Education program. Under this valuable program, grants are awarded to postsecondary institutions in order to stimulate the development of cooperative education projects in conjunction with public and private employers. Such projects provide work experiences to students, either concurrent or alternating with periods of academic study, that are closely related to their career or academic objectives as well as provide earnings to help meet the costs of postsecondary education. Despite the relevance, the quality, and the effectiveness of the Cooperative Education program, this Administration has attempted to eliminate direct funding for it. NEA is opposed to any curtailment of this program. Rather, we believe that cooperative education should be retained and its authorization level expanded significantly.

Title IX: Graduate education

Currently authorized programs provide graduate and professional opportunities fellowships for minorities and women, public service fellowships, fellowships for minorities attending law school, and law school clinical experience grants. Despite the

importance and success of these programs, the Administration's budget proposes to eliminate each of these small programs. Such an effort flies in the face of good public policy. Graduate education, scholarships, and research comprise much of the basis on which our system of postsecondary education rests. Yet many talented students find it increasingly difficult to pursue graduate education. Thus we believe that the national commitment to graduate education should be expanded. NEA supports the continuation and improvement of Grants to Institutions of Higher Education, Fellowships for Graduate and Professional Students, the National Graduate Fellows program, Assistance for Training in the Legal Profession ("CLEO"), and the Law School Clinical Experience program. We further believe that a broad needs-based grant program for graduate students should be established.

Title X: FIPSE and MISIP

We urge the extension of the Fund for the Improvement of Postsecondary Education and the authorization of the Minority Institutions Science Improvement Program under the Higher Education Act. It is our view, however, that FIPSE must be strengthened and refocused to concentrate on current issues pertaining to excellence in education. While MISIP was transferred to the U.S. Department of Education from the National Science Foundation under the Department of Education Organization Act, its authority has remained with the National Science Foundation Act of 1950. We believe that incorporation of MISIP within the Higher Education Act is appropriate and will bring increased continuity and stability to the program.

Title XI: Urban grants

The Administration has not requested funding for Urban University Grants, authorized by the 1980 Education Amendments in order to help apply the knowledge and expertise of urban institutions to the service of their communities and to make their resources more readily and effectively available to the urban centers in which they are located. We believe this program should be reauthorized and implemented.

Mr. Chairman, America has a vital national interest in a healthy system of higher education—a system able to provide excellence in scholarship, research, and education, and which offers to all students the opportunity to reach the full potential of their interests and abilities. For the past two decades, the Higher Education Act has stood as the foundation of the federal partnership in this endeavor. It has helped to bring institutional vitality to countless colleges and universities and equity and access to quality programs for millions of young Americans.

Over the last four years, the programs encompassed by this Act have been under siege. And so too has been our commitment to the future of our educational enterprise. The reauthorization of the Higher Education Act provides a necessary opportunity to reverse this trend, to rededicate ourselves and our nation to a postsecondary education system second to none. We look forward to working with you, Mr. Chairman, with the Subcommittee and its staff, and with all others concerned about the future of American education, in a cooperative effort to fashion an appropriate and effective Higher Education Act.

Thank you.

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National Education Association
Instruction and Professional Development

Excellence In Our Schools TEACHER EDUCATION

An Action Plan

Summary

The views of the united teaching profession about needed changes in teacher education are presented in *Excellence in Our Schools, Teacher Education: An Action Plan.* NEA's purpose is to provide guidance to its state affiliates in their efforts to bring about improved teacher preparation programs. The basis of the document is that teacher preparation programs must serve both the community and the profession. They must ensure that beginning teachers are fully prepared for effective classroom practice.

Teacher preparation programs should be based on what is known about teaching, should have more rigorous criteria for admission and graduation, and should provide substantial opportunities for education students to practice what is taught in the programs. The standards by which teacher preparation programs are judged should be based on clear and defendable characteristics of the practice of teaching. Initial certification for teaching should be based on several indicators of potential success. The application of standards to teacher preparation programs and the initial certification of teachers should be governed by the teaching profession.

Since responsibilities for teacher education are the province of states and the colleges and universities, the document does not speak directly to a number of issues. There are, for example, no recommendations about the required length of time for a student to complete a program, how the program should be organized, when it should begin in the student's college career, or exactly how education students' competence is to be judged prior to certification. These are issues best resolved at the state level with the advice of classroom teachers. Also, the document does not speak to matters beyond the initial certification of teachers.

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Full Text Provided by ERIC

Glossary of Terms Used in This Document

Approval. The process used and the judgments made about teacher education programs in regard to a set of standards. *Accreditation* is a synonym.

Certificate. A legal document that entitles its recipient to practice teaching in the schools of the state. Synonyms are *license* and *credential.*

Classroom Teacher. ". . . any person who is certified, where required, and a major part of whose time is spent in direct contact with students or who performs allied work which results in placement of the person on a local salary schedule for teachers." (NEA Bylaw 12-1.b)

College-Based Teacher Educators. Persons employed by the college or university in the department of education to teach education students and to provide a variety of other services related to preparing those students to become teachers.

College-Based Faculty. All persons employed by the college or university who teach or provide services to education students.

Criteria for Compliance. A more complete definition of a standard for approving teacher education programs; those things which must be characteristic of a teacher education program in order for the program to meet the standard. (See also, Evidence Questions and Standards for Approving College of Education Programs.)

Education Students. Persons enrolled in collegiate programs leading to recommendation for certification as a classroom teacher.

Evidence Questions. Suggested questions to be used by persons evaluating programs of teacher education. Such questions are designed to elicit information about the degree to which the criteria for a standard are met. (See also, Criteria for Compliance and Standards for Approving College of Education Programs.)

Field-Based Experiences. The opportunities provided to education students to work with students, teachers, other professionals, school-related agencies, parents, and the public.

Instruction. Refers to the presentation of information using a variety of techniques and not limited to the lecture approach. Specifically in the standards family (4.0) it refers to the presentation of information, in various ways, to education students.

Liberal Arts. Generally includes arts and humanities; physical, natural, social, and behavioral sciences; mathematics; technology; and physical and health education. A synonym is *general education* or *general studies.*

Majority National Teachers Organization. The National Education Association, including its state and local affiliates.

NCATE. Initials for the National Council for Accreditation of Teacher Education, the organization that accredits programs in teacher preparation institutions from a national perspective. The governing body of the Council is composed of eight members chosen by the president of the National Education Association, eight members from the American Association of Colleges for Teacher Education, eight members from other professional constituencies, and two public members.

School-Based Teacher Educators. Fully certificated and tenured practicing teachers and other school professionals who supervise and in other ways work with education students to provide field-based experiences.

Standards for Approving College of Education Programs. A set of exemplary statements against which to judge teacher preparation programs. (See also, Criteria for Compliance and Evidence Questions.)

State Teacher Education Agency. The legally constituted body in the state that approves programs of teacher education and certificates teachers. In this document it is proposed that the agency be autonomous, i.e., that it be delegated full powers for those two functions. The NEA also calls for a majority of classroom teachers to govern the agency. Teachers are defined as those persons who must be certificated by the agency in order to practice.

Students. K-12 pupils.

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Introduction

Teacher education is an issue of vital concern to today's practicing teachers. They believe that beginning teachers should be able to start their careers with a background of experiences which allows them to handle classroom situations comfortably. They believe that education students in college, along with exposure to the appropriate knowledge base, should have extensive opportunities to apply their acquired knowledge and skills to classroom practice.

Teachers are not alone in voicing concern that teacher education programs respond to societal and technological changes. Colleges of education, various levels of government, and the public also have expressed concern. Clearly, political, economic, and social issues have affected decisions about teacher preparation, ranging from budgetary concerns to the status of colleges of education within the university hierarchy. But one essential factor has always been missing from the decision-making process about teacher education: the expertise of the practicing teacher. Decisions about what teachers need to know and the types of experiences they need to have in order to function effectively on the first day of school have been based on research and scholarly judgment, not on experience. Approval of teacher preparation programs has been based on what should be taught, not on its relationship to initial practice. The agency for approving programs and certificating teachers at the state level has been composed largely of representatives of interest groups concerned with political, administrative, and community issues, not with the practitioner. The National Education Association believes that in order to ensure that beginning teachers can provide high quality instruction, the following must occur:

- Admissions to college of education programs must be based on various types of evidence indicating potential success as a classroom teacher.
- Teacher education programs must be designed and developed based on what the practitioner says needs to be known and done for beginning effective practice.
- Teacher education must be structured so that the beginning teacher can apply the knowledge base to the classroom situation.
- Recommendations for certification of graduates must be based on several types of information which is accumulated over the entire program and demonstrates the graduates' capability to practice effectively.
- Standards for approving teacher education programs must reflect attention to the above issues.
- The state agency for approving teacher education programs and certificating teachers must be autonomous and governed by a majority of teachers.

This document reflects substantive input by NEA members and represents what practitioners know must occur at all levels to ensure appropriate teacher preparation. But it is not enough to call for program changes without having the basis for determining whether the changes have occurred. It is, therefore, essential that an autonomous agency for applying appropriate standards be established.

The assumptions basic to the above changes regarding teacher education are:

- Teachers are the most critical part of the schooling process.

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- In order to enhance the quality of public schooling, teachers must be given appropriate recognition — legal, financial, and professional.
- Effective instruction is dependent on teachers receiving substantial support services that are consistent with the purposes of schooling.
- The ability to provide quality instruction in the initial years of practice is directly related to the preservice preparation a prospective teacher receives.
- Decisions about teacher preparation must be made by the profession and supported through the political system which influences the operation of schools.

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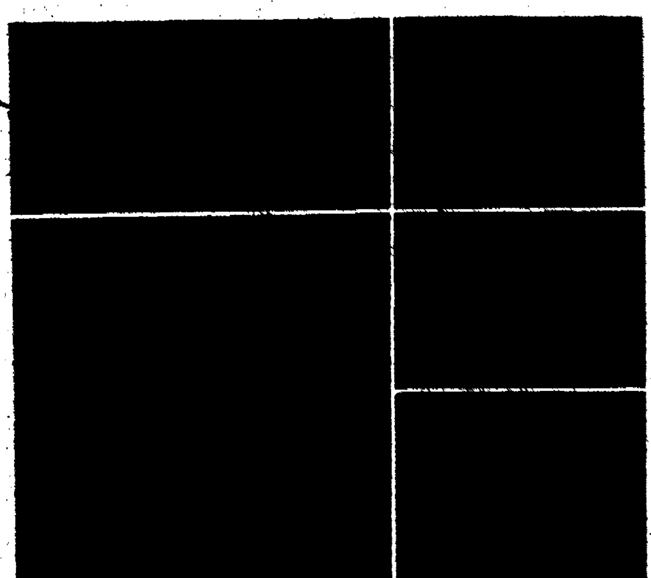
A Profile of Excellence for Teacher Education



A Profile of Excellence for Teacher Education

The National Education Association is committed to the following essentials for preservice teacher education:

- Requirements for entry to college of education programs should be rigorous yet flexible enough to allow admittance to those who demonstrate potential for effective practice. Admission to any program should be based on multiple considerations such as recommendations of faculty (liberal arts and education), grade point average, personal interviews, and recommendations of persons in related fields.
- All teacher education programs should have three integrated components: liberal arts, at least one subject or teaching level specialty, and a professional curriculum. Both the professional curriculum and the teaching specialty must be derived from what it is practicing teachers say must be known and actually done in order to be effective in the classroom. The professional components should focus on classroom practice. Field-based experiences related to all components should be provided throughout the preservice program.
- Education students should be evaluated throughout their program with multiple techniques. Recommended measures include observations, oral and written exams, videotapes, and products from projects. Only students who have demonstrated that they can effectively begin practice should be graduated from teacher education programs. Others should be counseled into more appropriate career study.
- Teacher education programs must be approved by the state based on standards which ensure that teachers can be effective when they begin teaching. The standards must specify that education students are provided opportunities throughout the program to apply the learnings and skills in field-based experiences.
- An autonomous, legally established agency, governed by a majority of practicing teachers, must be established in each state to approve teacher preparation programs, using the standards called for in this document, and to initially certificate practitioners.

Major Functions of Teaching

Teachers perform three critical functions in the classroom: they (1) facilitate learning, (2) manage the classroom, and (3) make decisions. These functions are essential for successful practice and must be the basis for the design, development, and implementation of any college program committed to preparing effective beginning teachers. Following is a *sample* of actions undertaken by teachers pertaining to the three functions.

1. **Facilitating Learning**

   Teachers —

   - Know the unique characteristics of their students and draw on this knowledge to promote learning
   - Identify students' levels of achievement in subject matter and provide instruction and activities appropriate to those levels
   - Identify students' learning problems and provide instruction for overcoming them
   - Identify student interests and use them to promote learning
   - Work with students individually when appropriate
   - Organize groups which enhance learning
   - Draw on a variety of techniques, materials, and technology to accommodate different learning styles
   - Use questioning techniques and plan learning experiences which encourage thinking and problem-solving skills
   - Present subject matter.

2. **Managing the Classroom**

   Teachers —

   - Organize the classroom to stimulate learning and to foster discipline
   - Evaluate classroom conditions and make adjustments when necessary
   - Provide opportunities for communication with parents and the community
   - Communicate with special service personnel and call upon them when necessary
   - Use community agencies and refer students when appropriate
   - Maintain student records for instructional purposes
   - Facilitate the work of classroom aides, volunteers, and paraprofessionals.

3. **Making Professional Decisions**

   Teachers —

   - Decide what to teach within and across subject areas within the context of available curriculum guides
   - Select and present/use materials and equipment
   - Plan priorities for the day
   - Reorganize activities as necessary
   - Use student assessment materials for instructional purposes
   - Anticipate the need for and draw on the abilities of special school service personnel such as school nurse, psychologist, social worker,

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librarian/media specialist, and guidance counselor

- Decide when, where, and how to work at the local, state, and federal levels for educational improvement
- Decide how to work with professional organizations, the school community, and the public-at-large to promote action on educational problems
- Decide how to deal with the external conditions which impact their role as a teacher
- Decide how to deal with political, economic, social, and professional factors that affect their ability to function in the classroom.

Learnings, Skills, and Field-Based Experiences

Immediately upon beginning practice, teachers are called upon to function in all the ways discussed above. Although these are only some of the major considerations a teacher daily brings to the classroom, they constitute a strong basis for the redesign and reorganization of teacher education programs. The core of an effective teacher education program should be the way the knowledge base is organized and presented. It must ensure that the beginning teacher is able to apply what is learned immediately upon entering professional practice. The following learnings, skills, and field-based experiences derive from the three major functions of teaching and are meant to provide teacher preparation institutions with the foundation for reorganizing their programs.

Learnings	Skills
Knowledge of human growth and development — emotional, social, physical	How to diagnose children for appropriate instructional placement
	How to respond to and respect the emotional needs of students
Thorough knowledge of one or more subjects	How to translate knowledge of subject(s) into sequenced, grade appropriate instructional activities
Knowledge of human behavior	How to observe students for planning and implementing instructional activities
Knowledge of intellectual growth and development	How to use a variety of techniques which foster inductive and deductive thinking
Knowledge of learning — needs, problems, attitudes, variation of styles, variation of abilities	How to recognize needs of students for planning instructional activities
	How to select alternative materials and resources to accommodate different learning styles
Knowledge of exceptional children — types, remediation	How to work with special service personnel to plan, implement, and evaluate learning activities for exceptional students
Knowledge of the development of critical thinking and problem-solving skills	How to form questions that require higher level cognitive responses
Knowledge of assessment measures: uses, interpretations, abuses, construction	How to construct and/or administer a variety of measures to assess student achievement
Knowledge of social and cultural impact on learning	How to set appropriate goals based on the unique characteristics of students
Knowledge of environmental impact on students	How to organize and maintain an environment conducive to learning
Knowledge of communication	How to communicate with students about learning, with parents about students, and with colleagues, the community, the public-at-large, and policymakers

Learnings	Skills
Knowledge of instructional design and technology	How to operate technological equipment, recognize its usefulness for instruction, and incorporate its use in lesson planning.
Knowledge of resources and materials	How to critically review new materials according to established criteria and resist pressures
Knowledge of curriculum design and development	How to plan, implement, and evaluate learning activities
Knowledge of legal responsibilities — liabilities, constraints	How to plan, implement, and evaluate learning based on legal considerations
Knowledge of community agencies and referral processes	How to establish rapport with community agencies, and how to refer students through the proper channels
Knowledge of the history and foundations of public schooling in the United States	How to compare goals of the school district with the history and philosophy of education
Knowledge of group dynamics as it relates to communication with all significant role groups	How to develop rapport and communicate with significant groups, i.e., students, colleagues, and community
Knowledge of the impact of public policy on schools	How to anticipate and have influence on political and economic decisions and their impact on instruction
Knowledge of the interrelationships between schools, governments, and the public-at-large	How to identify instructional issues and organize for action at local, state, and national levels
Knowledge of what types of records should be kept; understanding of the importance of accurate records; knowledge of state and district policies about record keeping and of legal implications.	How to organize and maintain student records for instructional purposes
Knowledge of the labor movement and its impact on schooling.	How to participate in the collective bargaining process to benefit education
Knowledge of educational research	How to interpret research findings and translate them into practice

Field-Based Experiences

The NEA calls for field-based experiences beginning with the first education course and continuing throughout the entire program. Experiences should be sequenced starting with observations, then working under direct supervision, in teams, and independently. The following are among the field-based experiences education students should have:

Observation

- Education students should have opportunities to observe when and where appropriate —

  an individual student
  small groups of students in a variety of settings
  total classrooms at many levels
  parent-teacher conferences
  parent meetings
  school board meetings
  activities at the state education agency
  the state legislature
  professional and learned organizations
  the united teaching profession.

Microteaching

- Education students should be videotaped teaching small groups of students and an entire class in a variety of situations, e.g. —

  presenting a lesson
  dealing with students
  changing from one activity or class to another.

Developing Case Studies of Individual Students

- Education students should have opportunities to observe an individual student in a variety of settings, use available school records, and talk with teachers and parents and, from these, identify strengths and weaknesses and develop a plan for working effectively with the student.

Translating Theory into Practice

- Education students should be provided with strategies and opportunities for applying the theories they are taught to classroom practice. The strategies should focus on and cover those conditions which affect planning, implementing, and evaluating instruction.

Curriculum Design and Development

- Education students should be provided opportunities to identify how disciplines of knowledge are organized and structured, the way they are sequenced, and what value and constraints curriculum guides have for them. They should have opportunities for sequencing knowledge and planning for immediate, intermediate, and long-range activities.

Instructional Technology

- Education students should have opportunities to learn about instructional technology — current and emerging — how to use it, and the relationship between curriculum and instruction.

Classroom Experiences

- Education students should have broad and extensive experiences in classrooms throughout their program. There must be several opportunities to assume full responsibility in classrooms throughout the program.

Setting Standards for Approving College of Education Programs

Teacher education programs should be approved at two levels: nationally through the National Council for Accreditation of Teacher Education (NCATE), and at the state level through an agency such as a professional standards board. The national accreditation system concerns itself with evaluating all aspects of teacher education programs, including facilities, governance, available resources, personnel, and budget. The state approval system should concern itself more specifically with the content — its organization, substance, and the provision of experiences which will ensure that beginning teachers have the capability to begin practice within that state. The difference between the two types of approval systems is that the national system concerns itself with broader issues and the state system reflects more specific concerns of its constituency — the kinds of experiences, knowledge, and skills their newly employed teachers will have. The NEA calls for state approval being coupled with NCATE approval to ensure that all aspects of teacher education programs will be considered at the appropriate level of specificity. Further, the NEA recommends that the procedures for approving teacher education programs follow the NCATE processes. That is, a team proportionally representing the constituency of the state approval agency should be assembled; on-site visits should occur; historical, descriptive, and observational data should be collected, reviewed, and critiqued; and the team should recommend approval or disapproval.

The standards presented on the following pages are standards the NEA believes should be adopted by state agencies which approve teacher preparation programs. They provide the basis for determining what and how learnings necessary for effective initial practice are presented. The standards are divided into five families: (1) Program Planning, (2) Program Implementation, (3) Program Personnel, (4) Program Content, and (5) Membership in the Profession. Within each family are several standards which will ensure the appropriate programmatic effort. Accompanying each standard are a set of criteria for compliance and a set of evidence questions. The evaluation team should use the criteria for compliance to determine if the standard has been met. The evidence questions are suggested ways for the team to verify that the criteria have been met.

Standards for Approving College of Education Programs

1.0 Program Planning

1.1 *The purpose of the program is to prepare beginning teachers to function effectively when beginning practice.*

Criteria for Compliance

1. The stated goals of the program, as evidenced in the plan, are to prepare beginning teachers to function effectively.
2. The objectives of the program, derived from the goals, include providing field-based experiences and ways to apply the knowledge base to classroom activities.
3. The program plan includes providing content and skills which teachers have identified as being necessary for beginning practice.

Evidence Questions

1. Does the plan include classroom application strategies accompanying each set of learnings offered?
2. Does the plan include opportunities to practice what is being taught?
3. Does the plan include sequenced field-based experiences throughout the program?
4. Does the plan provide for education students to participate in direct classroom activities throughout the program?
5. Does the plan identify the number of teachers (and their specialty areas) and the teacher organizations the college of education consulted with in developing the plan?

1.2 *The program plan is based on an established knowledge base derived from what teachers do in a classroom.*

Criteria for Compliance

1. The program has been designed and developed on the basis of up-to-date research, input from practicing certificated K-12 teachers, and observations of K-12 classrooms.
2. The program has specific stated objectives which are based upon current practice.
3. Each component of the program is related to the stated objectives.
4. The program plan is continually evaluated and modified based on input from practicing certificated teachers, students in the program, graduates, and college-based faculty.
5. The program is designed to enable prospective teachers to learn what they need to know to be effective in their particular teaching situation.

Evidence Questions

1. Does the program plan include input from practicing certificated K-12 teachers?
2. Does current research by the education faculty include attention to what teachers are doing in the classroom?
3. Have practicing certificated K-12 teachers been involved in evaluation and modification of the program plan?

4. Does the program plan allow for feedback from currently practicing certificated teachers, including recent graduates?
5. Does the plan articulate all the roles a teacher plays during the course of a day/year, e.g., academic, behavior management, interpersonal relationships, record keeping?
6. Is the plan revised frequently to reflect changes in what teachers must do as a result of new legislation or education codes?
7. Have program changes been based on input and observations from practicing certificated teachers?
8. Does the program provide opportunities for the education student to explore not only what teachers do now in the classroom but what they should anticipate for future practice?
9. Does the program plan call for college-based teacher educators to practice and/or demonstrate methods and materials in the classroom with K-12 students?

1.3 *The program is systematically planned and there is coordination among the liberal arts, teaching specialty, and professional curricula.*

Criteria for Compliance

1. The program includes liberal arts study.
2. The liberal arts study includes arts/humanities, mathematics/science/technology, social and behavioral sciences, and physical and health education.
3. Program activities are derived from the stated goals and objectives.
4. Program activities are internally consistent, comprehensive, and sequential
5. The teacher preparation curriculum includes a coordinated and sequential series of professional learnings.
6. The program includes field-based experiences and opportunities to learn how to apply all learnings to classroom situations.

Evidence Questions

1. Is there a published set of learnings which indicates inclusion of liberal arts?
2. Do the planned learnings include study in arts/humanities, mathematics/science/technology, social and behavioral sciences, and physical and health education?
3. Does the program have a clear sequence that allows education students to build on knowledge gained in the program?
4. Are activities designed so that the entire program is unified and integrated?
5. Have planners attended to the relationship between program activities and successful classroom practice?
6. Is there documentation that stated goals have been used to design program activities?
7. Do the planned learnings include professional studies and field-based experiences?
8. Is application considered an essential part of the planned learnings?

1.4 *The program is designed and developed primarily by persons expert in pedagogy, practice, and academic specializations.*

Criteria for Compliance

1. Professors of education, practicing certificated K-12 classroom teachers, and faculty from other college/university departments design and develop the program.
2. Program planners consult with students, graduates of the institution, employers, representatives of the public, and practicing certificated K-12 teachers in the local area.
3. Planners are representative of their constituencies and fields of expertise.
4. A balance exists within the planning group among the constituencies and fields of expertise.
5. The planning group has authority to plan the program.

Evidence Questions

1. Have professors of education, practicing certificated K-12 classroom teachers, and faculty from other departments participated in the planning process?
2. Has there been comprehensive consultation with students, graduates of the institution, employers, representatives of the public and practicing certificated K-12 teachers in the planning process?
3. Does the process of establishing the planning group specify a method of selection to ensure that planners will be representative of their constituencies and fields of expertise?
4. Does the planning group have balance among the contituencies and fields of expertise?
5. Has sole authority for planning the program been clearly delegated to the planning group?

1.5 *The overall program design reflects planned opportunities for acquiring knowledge and skills essential for successful classroom functioning.*

Criteria for Compliance

1. The program plan includes the knowledge and skill areas necessary for successful classroom functioning.
2. The program plan includes planned opportunities for acquiring and applying the knowledge and skills in a variety of settings.
3. The program plan provides for regular updating of knowledge and skills through interactions between higher education faculty and teachers in the field.
4. The program plan includes sequenced field-based experiences necessary for classroom functioning.

Evidence Questions

1. Is the body of knowledge and skills deemed essential for successful classroom functioning specified?
2. Does the program provide students with supervised field-based experiences?
3. Does the program provide for theory and practice being explicitly related to the field-based experiences?
4. What evidence exists that the program uses expanding knowledge,

increasingly complex understandings, and advancing skill development in preparing teachers?

5. What evidence exists that the knowledge and skills are actually updated?

2.0 Program Implementation

2.1 *Program implementation is consistent with program purposes and design.*

Criteria for Compliance

1. All aspects of the curriculum are geared toward preparing teachers to function effectively.
2. Field-based experiences are part of every set of learnings offered education students.
3. Every set of learnings offered education students has an application component.

Evidence Questions

1. Is the knowledge base offered education students grounded in current and in some cases future practice?
2. Are field-based experiences part of the entire curriculum?
3. Are application strategies part of the entire curriculum?

2.2 *Procedures for student admittance, continued enrollment, and graduation are consistent with program purposes.*

Criteria for Compliance

1. There is minimally a comprehensive semiannual counseling and evaluation of students preparing to be teachers.
2. There are clearly defined criteria for continuing enrollment in the teacher education program.
3. All requirements are applied equitably and without discrimination to all students, including transfer students. Such processes are consistent with institutional affirmative action policies and goals.
4. The college has developed clearly delineated procedures for probation and dismissal.

Evidence Questions

1. Has a program for counseling and evaluating education students been established?
2. Is the counseling/evaluation program in operation?
3. Are the criteria for continuing enrollment in written form and readily accessible to all education students?
4. Are affirmative action policies and goals in written form and distributed to all students upon entry into the program?
5. What are the provisions for due process within the evalution procedures?
6. Are probation and dismissal procedures written and distributed to all students upon entry into the teacher education program and to all students who are in jeopardy?

2.3 *College-based teacher educators demonstrate practical knowledge of schools and classroom teaching.*

Criteria for Compliance

1. College-based teacher educators have continual, direct contact with schools and classrooms.
2. College-based teacher educators use instructional techniques that reflect the methods advocated for practicing teachers.
3. College-based teacher educators teach a wide range of instructional models and techniques to education students, use those models and techniques throughout the program, and provide opportunities for education students to use them as well.
4. College-based faculty demonstrate an understanding of current educational practice, including curriculum, organization, staff roles, and the external forces that affect them.
5. College-based faculty demonstrate an awareness of future practices and incorporate them into the curriculum where appropriate.

Evidence Questions

1. Do college-based faculty use the same methods in teaching education students that education students are taught to use in classrooms?
2. Do college-based faculty draw on their experiences in schools, research expertise, and sound instructional theory in instructing education students?
3. What proportion of the assigned time of college-based teacher educators is spent in schools? As scholars? As supervisors of education students? As consultants to classroom teachers and schools?
4. Does the program provide education students with various models such as individualized instruction, microteaching, laboratory situations, tutoring, and lecture?
5. Are there proper facilities to implement the teaching and learning methods used in the program?
6. Are education students encouraged and required to continually practice the methods they are being taught to use? Does this practice take place in a variety of settings?

2.4 *The program provides sufficient opportunities for education students to practice what they are learning.*

Criteria for Compliance

1. The program provides many opportunities for the education student to observe, plan, and practice in a variety of classroom settings all of the knowledge and skills learned in the program.
2. The school-based experiences provided for education students take place in a variety of settings.
3. School-based educators have received sufficient training for their role of supervising prospective teachers.
4. College supervisors of student teachers are assigned supervisory loads which permit observation of each student teacher on a regular and systematic basis for a full lesson presentation.
5. There is a systematic coordination of efforts between school- and college-based educators during the student teaching experience.

6. School-based experiences are sequenced and occur concurrently with the college curriculum, providing opportunity for analysis and evaluation so that theories and practice in schools are related.
7. Student teachers have a full-time supervised teaching experience of at least three months duration.
8. School-based teacher educators are provided sufficient resources (particularly time and compensation) to work effectively with education students.

Evidence Questions

1. Does the program provide for early and frequent observation and involvement in the school community? Is this done in conjunction with related course work?
2. Are clinical experiences provided throughout the program and supervised by practicing certificated K-12 teachers?
3. What systematic experiences for analysis are provided education students so that they can examine their school-based experiences?
4. How much time is devoted to simulation in the program? To school-based experiences? To nonschool field experiences? Is the proportion to the total program consistent with the purpose of the program?
5. Are college experiences integrated with school-based experiences so that each contributes to a deeper understanding of the other and of teaching?
6. Have teacher education students been provided experiences in —

    Urban, rural, and suburban settings?
    Regular education and classes with mainstreamed students?
    Classrooms with students who have multicultural backgrounds?
    Agencies providing special services to schools?

7. What information shows that school-based teacher educators are trained in supervision of education students and are committed to the task of educating teachers?
8. What is the ratio of education students who are student teaching in schools to college-based teacher educators?
9. Are meetings and/or written communications from school- and college-based teacher educators scheduled on a regular basis?
10. Is a sequence of school-based experiences available in written form?
11. Do education students follow the suggested sequence?
12. Does the education student have teaching experiences which extend over at least a three-month period?

2.5 *The program coordinates specific teaching methodology with subject matter specialties.*

Criteria for Compliance

1. Specific methods are taught which are directly related to the academic specialties education students are studying.
2. College-based faculty give attention to the types of methods which are called for in presenting a specific academic discipline and how it varies from other disciplines.
3. College-based teacher educators give attention to the quality of content as well as to the variety of teaching methods to be used by education students.

4. College-based faculty and teacher educators work together in planning and implementing learnings in the subject matter specialty component to ensure the integration of knowledge and methods.

Evidence Questions

1. Are methods taught along with the subject matter specialties?
2. Does the presentor of subject matter refer to specific teaching methods when discussing various parts of the knowledge base?
3. Are field-based experiences provided to education students which allow them to practice specific methods for a specific discipline?
4. Are education students given opportunities to compare the effectiveness of methods for one discipline with their effectiveness for other disciplines?

3.0 Program Personnel

3.1 *College-based teacher educators and school-based teacher educators model attitudes and behaviors desired of education students.*

Criteria for Compliance

1. College- and school-based teacher educators belong to and are active in professional organizations.
2. College- and school-based teacher educators accept and value differences in student backgrounds and learning styles and use that knowledge to plan and implement their programs.
3. College- and school-based teacher educators work effectively with support personnel (e.g., aides, special service personnel, and administrators).
4. School-based teacher educators use effective instructional strategies in teaching education students.
5. College- and school-based teacher educators systematically assess their own instructional and professional behavior, modify their behavior on the basis of that assessment, and share the process with their education students.

Evidence Questions

1. Are the following attitudes and behaviors expected of college-based teacher educators: (a) active participation in professional organizations; (b) acceptance of individual student differences; (c) rational and professional decision-making ability; (d) positive attitudes toward teaching, the profession, and the future; and (e) effective relationships with support personnel?
2. What processes are established to encourage these attitudes and behaviors in school-based teacher educators?
3. Are the instructional strategies used by school-based teacher educators effective models of the teacher education program?
4. Are there written procedures for college- and school-based teacher educators to evaluate their own performance?

3.2 *College-based teacher educators and school-based teacher educators have in-depth preparation, training, and experiences in their instructional fields.*

Criteria for Compliance

1. College- and school-based teacher educators have specialized training and demonstrated expertise in their areas of specialization.
2. College-based teacher educators engage in continual study and/or personal research in their areas of specialization.
3. College- and school-based teacher educators translate theories from their areas of specialization into school practice.
4. College-based teacher educators have had experience supervising, consulting, and working in an elementary or secondary school in contact with public school students and classroom teachers within the previous two years.
5. School-based teacher educators who volunteer to work directly with student teachers are fully certificated tenured teachers employed within the district.

Evidence Questions

1. What process is used to select school-based teacher educators? To what extent is selection based on their competence in their fields of expertise and their performance as classroom teachers?
2. Do the criteria for selection of college-based teacher educators stress their competence and experience both in their fields of expertise and as teachers?
3. Do college- and school-based teacher educators incorporate new knowledge from their areas of specialization in their instruction?

3.3 *College-based faculty are evaluated on appropriate criteria, and personnel decisions are consistent with the results of the evaluation.*

Criteria for Compliance

1. Performance expectations for college-based teacher educators are consistent with objectives of the teacher education program.
2. College-based faculty participate in the development of personnel evaluation criteria and procedures, incorporating information and views from education students and practicing certificated K-12 teachers.

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3. Personnel decisions are based upon the results of the evaluation process;
4. There are written statements of expectations of college-based faculty which describe successful performance.
5. Necessary evaluation procedures are administered in a fair and equitable way.

Evidence Questions

1. What is the relationship between the expectations describing successful performance and the goals established for the teacher education program?
2. What processes are established for college-based faculty, education students, and practicing certificated K-12 teachers to participate in the development of evaluation criteria and procedures? Is there evidence that these processes are followed?
3. What evidence is there that personnel decisions are based on the results of the evaluation process?
4. What are the provisions for due process within the evaluation process?
5. Are carefully developed, written guidelines for evaluation of college-based faculty being utilized consistently?
6. Has each college-based faculty member participated in developing specific criteria for his/her evaluation?

4.0 Program Content

4.1 Subject Matter Content

4.1.1 *The program provides for improving education students' proficiency in basic skills if related admission requirements have not been met.*

Criteria for Compliance

1. The college of education is provided evidence of proficiency or potential proficiency in the basic skills of those who apply for admission.
2. The program offers instruction in the basic skills that college students need in order to succeed in a professional school.

Evidence Questions

1. Is proficiency in basic skills defined to include all of the following: reading, writing, speaking, listening, and mathematics?
2. Does the college/university provide remedial instruction during the first two years for those admitted with deficiencies in the basic skills?
3. Does the college of education receive from arts and science instructors clear, precise evidence of the level of proficiency in the basic skills of those who apply for admission to teacher education?

4.1.2 *The program provides instruction in the liberal arts.*

Criteria for Compliance

1. The program provides instruction in all the liberal arts: the humanities, the arts, sciences, mathematics, technology, and physical and health education.
2. The program requires that education students have a balance of studies among the liberal arts.

Evidence Questions

1. Are students required to take courses in the liberal arts?
2. Are students required to balance their selections in the liberal arts?

4.1.3 *The program provides instruction in critical thinking, problem solving, and creativity.*

Criteria for Compliance

1. The major schools of thought on critical and creative thinking are part of the instructional program.
2. Critical and creative thinking processes are modeled and taught in both liberal arts and professional sequences.
3. The program provides opportunities for education students to develop their higher-level cognitive abilities and problem-solving techniques.
4. The program provides opportunities for education students to incorporate thinking and problem-solving skills in their clinical experiences.
5. All aspects of the program demonstrate teaching and learning that reflect high-level thinking and problem solving.

Evidence Questions

1. Is there instruction in both inductive and deductive thinking processes?
2. Are students introduced to the processes of analysis for criticism, essay review, and debate?
3. Are students instructed in the knowledge bases about creativity?
4. Are a variety of teaching methods employed within the program that require higher level thinking skills?
5. Is there evidence that the general curriculum demonstrates teaching and learning opportunities directed at higher cognitive thinking?

4.1.4 *The program provides in-depth instruction in the subject matter specialty(ies) the education student proposes to teach, as well as in closely related fields.*

Criteria for Compliance

1. The program provides instruction in the teaching specialty(ies) of sufficient depth for the education student to teach it to students.
2. The program provides instruction in fields closely related to the teaching specialty(ies) so that the education student's knowledge is enhanced.
3. The program provides instruction in methodology as used in the classroom.

Evidence Questions

1. Are education students required to complete a subject major?
2. Are education students who will teach in elementary schools provided substantive instruction in the major branches of the curriculum they will be required to teach in nondepartmentalized settings?
3. Are education students provided instruction in and experiences which relate their teaching specialty(ies) to other disciplines? For example, are prospective teachers of physics provided in-depth instruction in chemistry and mathematics?

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4.1.5 *The program provides instruction in human growth and development.*

Criteria for Compliance

1. The major research findings and schools of thought on human growth and development are included in the curriculum.
2. The curriculum includes implications of human growth and development studies for working with students in schools.
3. The curriculum includes strategies and opportunities for applying knowledge of human growth and development to classroom situations.

Evidence Questions

1. Is there instruction in the various developmental stages of children and youth?
2. Is there instruction in how some children and youth vary from normal growth and development patterns and in how to identify the variations?
3. Is there instruction in the relationships, and in the implications of those relationships, between growth/development and accomplishable learning tasks?

4.1.6 *The program provides instruction in how humans learn.*

Criteria for Compliance

1. Knowledge of theories of learning is required of all education students in the program.
2. Education students are instructed in all major schools of thought on learning.
3. Instruction in learning theory and the psychology of learning is related to the role of the teacher in promoting learning through formal schooling.
4. Strategies for applying learning theories to planning, implementing, and evaluating instructional activities are an integral part of the curriculum.

Evidence Questions

1. Are the major schools of thought in behavioristic, developmental, and social psychology clear and distinct parts of the instructional program?
2. Are education students required to study several kinds of learning theories?
3. Is the emphasis in learning theory and the psychology of learning on applying the knowledge to classroom instructional activities?
4. Is the emphasis in the psychology of learning based on how the teacher can use the knowledge to analyze and respond to students' learning needs?

4.1.7 *The program provides opportunities for education students to acquire and apply appropriate knowledge and skills effectively for teaching students of varying racial, cultural, linguistic, religious, and socioeconomic backgrounds.*

Criteria for Compliance

1. The program provides opportunities for understanding and appreciating the unique contributions, needs, similarities, differences, and interdependencies of students from varying racial, cultural, linguistic, religious, and socioeconomic backgrounds.

2. The program provides experiences related to the implications of racial, cultural, linguistic, religious, and socioeconomic differences for student behavior and classroom instruction.
3. The program provides experiences in developing instructional techniques and curricula suitable for students of varying backgrounds.
4. The program provides strategies and opportunities for applying this type of knowledge to classroom situations.
5. The program is aware of and provides for the varying racial, cultural, linguistic, religious, and socioeconomic backgrounds among its own student population.

Evidence Questions

1. Does the program provide opportunites for education students to develop or enhance positive attitudes toward understanding and appreciating the contributions, needs, similarities, and differences of students from varying racial, cultural, linguistic, religious, and socioeconomic backgrounds?
2. Does the program specifically address the attitudinal variations and diverse learning styles of students due to their varying backgrounds?
3. Does the program provide opportunities for education students to design instructional activities for pupils of varying racial, cultural, linguistic, religious, and socioeconomic backgrounds and to implement them in the pupils' own school environment?
4. Does the program provide for the teacher education faculty and education students to confront and modify existing prejudices and stereotypes?

4.1.8 *The program provides instruction in the physical and intellectual development of students from varying backgrounds and with a wide range of abilities.*

Criteria for Compliance

1. The program provides opportunities for the education student to recognize differences in physical and intellectual development of students.
2. The program provides systematic opportunities for the education student to understand and work with students of varying learning styles, achievement levels, and special physical, emotional, and learning needs.
3. The program provides opportunities for the education student to apply the knowledge of individual needs and differences to classroom situations.

Evidence Questions

1. Does the program provide for education students to systematically have contact with a variety of student differences?
2. Does the program make provisions for education students to work with pupils of varying learning styles and achievement levels such as the academically talented, the gifted, the learning handicapped, and the physically or emotionally handicapped?
3. Does the program provide opportunities for education students to design instructional activities for pupils with exceptional needs and to implement them in varied and appropriately selected settings which address those needs?

4.2 The Teaching Process

4.2.1 *The program provides instruction in planning for teaching.*

Criteria for Compliance

1. The program includes instruction in how to use educational goals and objectives to plan instructional activities.
2. The program provides instruction to familiarize education students with a variety of print and nonprint materials for accomplishing particular objectives.
3. The program provides instruction in selecting among instructional strategies for accomplishing particular objectives.
4. The program provides instruction in allocating time for accomplishing both short-range and long-range objectives.

Evidence Questions

1. Is there instruction in various models for developing instructional goals and objectives?
2. Is there instruction in assessing the relative strengths and weaknesses of particular print and nonprint materials for instructional purposes?
3. Is there instruction in daily, weekly, grading-period, semester, and annual planning?
4. Is there instruction in developing and applying lesson plans?

4.2.2 *The program provides instruction in teaching strategies known to promote student learning.*

Criteria for Compliance

1. The program draws on the most current research and development in how instructional strategies contribute to specific learnings.
2. Education students are taught a broad range of cognitive, affective, and psycho-motor instructional strategies.

Evidence Questions

1. Does the program include strategies for direct instruction of students?
2. Does the program include instruction in how to achieve maximum student time-on-task?
3. Does the program include instruction in how to provide immediate feedback to promote and reinforce learning?

4.2.3 *The program includes instruction in the decision-making role of the teacher.*

Criteria for Compliance

1. There is instruction in decision making as a major function of teachers as professionals and experts in their teaching specialties.
2. There is instruction in the full range and variety of decision-making activities required of teachers on a daily basis.
3. Education students are introduced to several decision-making models.

Evidence Questions

1. Is there instruction in decision-making roles concerning the selection of content?

2. Is there instruction in decision-making roles concerning the selection of instructional techniques?
3. Is there instruction in decision-making roles concerning classroom management?
4. Is there instruction in decision-making roles of evaluating student learning?
5. Are the authority roles of teachers as decision makers taught by comparing them to authority roles in other professions?

4.2.4 *The program provides instruction in using print and nonprint materials and emerging technology.*

Criteria for Compliance

1. Instruction is provided in the use of the full range of available print and nonprint materials and emerging technology.
2. Instruction in print and nonprint materials and emerging technology emphasizes the appropriate use of specific materials and technology for particular instructional purposes.
3. Hands-on experience is provided in using print and nonprint materials and emerging technology to accomplish specific instructional purposes.

Evidence Questions

1. Is instruction in a variety of print materials provided, including the critiquing of materials?
2. Is instruction in a variety of nonprint materials provided, including opportunities to learn how to use and critique them?
3. Is instruction in emerging technology provided, including uses and limitations?

4.2.5 *The program provides instruction in developing procedures for working with and promoting learning for students with exceptional behaviors.*

Criteria for Compliance

1. Instruction is provided in the basic methods of teaching students with different learning, physical, and social/emotional disabilities.
2. Instruction is provided in methods of identifying exceptional behaviors.
3. Instruction is provided in the process of making referrals.
4. Instruction is provided for working with special service personnel.

Evidence Questions

1. Is there direct instruction in methodologies for working with learning disabled students?
2. Is there instruction in how to recognize exceptional behavior?
3. Is experience provided in processing referrals?
4. Is experience provided in understanding the Individualized Education Program (IEP) process?
5. Is experience provided in working directly and intensively with K-12 students with a wide range of exceptionalities?

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4.2.6 *The program includes instruction in classroom management.*

Criteria for Compliance

1. There is instruction in the variety of management roles teachers must perform.
2. There is instruction in several models of classroom management.
3. There is instruction in how to manage a major activity or activities and concurrently monitor several ancillary activities.
4. There are opportunities for trying out several management models and selecting among them for particular purposes.

Evidence Questions

1. Is there instruction in time allocation and moving from one activity to another?
2. Is there instruction in managing activities concurrently?
3. Is there instruction in a variety of models of classroom control?
4. If state policies do not prohibit, is there instruction in record keeping, reporting, managing, and accounting for classroom-related finances?

4.2.7 *The program provides instruction in learning to practice a broad range of interpersonal and group-process skills.*

Criteria for Compliance

1. The curriculum includes a broad range of interpersonal and group-process skills.
2. There is instruction in identifying effective interpersonal and group-process skills for particular audiences.
3. There is opportunity to practice and perfect the most essential interpersonal and group-process skills.

Evidence Questions

1. Is there instruction in interpersonal and group-process skill development models?
2. Is there instruction in chairing and in other ways facilitating both large and small groups?
3. Is there instruction in how to function as part of a team?
4. Is there instruction in individualizing learning experiences?
5. Is there instruction in conflict management?

4.2.8 *The program provides instruction in a broad range of communication skills as they relate to the professional role of the teacher.*

Criteria for Compliance

1. There is instruction which identifies and describes appropriate audiences for communication.
2. There is instruction in the unique requirements of various audiences for communication.
3. There is instruction in the levels and types of communication most appropriate for various audiences.
4. There are opportunities to practice communicating with a variety of audiences.

Evidence Questions

1. Is there instruction which identifies and describes different characteristics unique to students, colleagues, parents, the general public, policymakers, and mass media groups?
2. Is there instruction in the nature of communication that various audiences want and should receive?
3. Is there instruction in various levels of communication ranging from notes to parents, to speaking before public groups, to informing policymakers about the professional knowledge and skills which undergird particular policy decisions?
4. Are simulation, role playing, and actual communication with various audiences used as instructional techniques?

4.2.9 *The program provides instruction in a broad range of processes for evaluating student learning.*

Criteria for Compliance

1. There is instruction in the various theories of student evaluation, both subjective and objective.
2. There is instruction in the criteria and processes available for evaluating student learning.
3. There is emphasis on learning to use multiple approaches to student evaluation, with no one approach having the major role.
4. The program includes the study of specific processes and instruments for evaluating student learning.
5. Education students are provided experiences in using a broad range of criteria, processes, and instruments for evaluating student learning.

Evidence Questions

1. Are education students taught various theories of student evaluation, including their reported strengths and weaknesses?
2. Are the major processes for student evaluation included in instruction: teacher judgment, teacher-made tests, standardized tests, norm-referenced and criterion-referenced tests, observation, interview, student work products, simulation, role playing, contracts, self- and peer evaluation, expert panels?
3. Is there instruction in the relative merits of diverse evaluation processes for various purposes?
4. Are there opportunities for education students to experience devising, administering, and interpreting teacher-made tests; interviewing students; and using simulation, role playing, and other evaluation techniques in classroom situations?
5. Are there opportunities to experience using the results of student evaluation to plan instructional activities?

4.2.10 *The program provides instruction in the unique role, significance, and contribution of schooling in American democracy.*

Criteria for Compliance

1. Education students are instructed in the variety of goals for schooling, how the goals have evolved, and how they contribute to productive citizenship in a democracy.
2. The program emphasizes how schooling has changed over time in

response to societal and other needs, and the implications of the changes for teachers entering practice.

3. The program provides instruction in the role schooling has played in the integration of people of diverse ethnic backgrounds in American society while accommodating pluralism.

Evidence Questions

1. Are education students instructed in the various goal statements for education adopted by various states?
2. Are education students instructed in the relationship between the goals of education and the roles of citizens in a democracy.
3. Are education students provided instruction in the evolution of the American school system?
4. Is there instruction in how social change and current social issues impact on the classroom teacher, e.g., working mothers, single-parent families, teenage pregnancy, bilingual education, alternative schools?
5. Is there instruction in the pluralistic nature of American society and its implications for schooling?
6. Are education students required to have firsthand experience in relating to groups different from their own?

4.2.11 *The program provides instruction in how American schools are supported, governed, and organized.*

Criteria for Compliance

1. The program includes instruction in the financing and organizing of schools of all levels.
2. The program provides instruction in the implications of locus of school control and its relationship to the American political process.
3. Education students have direct experiences in observing or becoming involved with school governing agencies.

Evidence Questions

1. Does instruction emphasize state and local school district authority, responsibility, and structure for schooling?
2. Is there instruction in the federal role and structure for schooling as it affects the classroom teacher?
3. Is there instruction in how state and federal legislative processes impact the classroom?
4. Is there instruction in how resources for American schools are obtained and allocated?
5. Is there instruction in the relationship of the organization and governance of K-12 schools to that of higher institutions, and in the implications of that relationship for K-12 teachers?
6. Are opportunities provided education students to observe school central office functions and attend local school board meetings and state legislative sessions?

4.2.12 *The program provides instruction in the rights and responsibilities of teachers and students.*

Criteria for Compliance

1. There is instruction in the policies which guide teachers in their various

roles and their relationship with students.

2. There is instruction in the resources available to teachers for exercising their rights and discharging their responsibilities.

3. There is instruction in the legal rights of teachers.

Evidence Questions

1. Is there instruction in state laws, court rulings, and other policies protecting the rights of teachers, e.g., liability, save harmless, academic freedom, due process, safety standards, immunization?
2. Is there instruction in state laws, court rulings, and other policies on certification, contract mandates, evaluation, and tenure?
3. Is there instruction in state laws, court rulings, and other policies which deal with the rights of education students in relation to teaching practice?

4.2.13 *The program provides instruction in the concepts and differences between governance of education and governance of the teaching profession.*

Criteria for Compliance

1. There is instruction in the governance responsibilities delegated by the public to official education agencies as well as the governance responsibilities of the organized teaching profession.
2. There is instruction in appropriate mechanisms for governance of the profession.

Evidence Questions

1. Is there instruction in the public's role in determining resources, structure, and management of schools?
2. Is there instruction in the role of the organized profession in determining who shall prepare for teaching, how preparation institutions and programs will be approved, and how teachers will be certificated and inducted into the profession?
3. Is there instruction in the concept, role, and structure of professional standards and certification bodies as appropriate mechanisms for achieving governance of the profession?
4. Are education students aware of standards by which their college program is judged and how these standards are enforced?

5.0 Membership in the Profession

5.1 *The program provides instruction in how the profession is organized, the functions of a variety of professional organizations, and the responsibilities of being a member of the profession.*

Criteria for Compliance

1. The program provides instruction in the responsibilities of membership in the profession
2. Opportunities are provided for education students to explore the nature of various professional organizations.
3. The program provides knowledge about the major professional associations and their activities at state, local, and national levels.

4. The program provides knowledge about specialized professional organizations and the role they play in improving instruction and curriculum.
5. The program provides information on professional conduct and includes codes of ethics.

Evidence Questions

1. Does the program teach education students or provide them information about the existence of professional organizations at the university level and at local, state, and national levels and how they are governed?
2. Does the program explore the advocacy role assumed by professional organizations through lobbying; bargaining; participation in developing curriculum, designing in-service programs, setting standards for the profession, and approving/accrediting teacher education programs; conducting research; and publishing?
3. Does the program explore the concept of professional conduct and examine existing codes of ethics? Is there evidence of commitment to continuing education as a means of enhancing professionalism?
4. Do the program goals allow for examination of the various professional journals available for teachers, administrators, and school boards, including special-interest journals?
5. Does the program provide information on specialty organizations and learned societies and how to become involved in them?
6. Does the program provide information on and opportunities to observe how the professional associations impact instruction.

5.2 *The program provides instruction in the relationship of the profession to governance of public school systems.*

Criteria for Compliance

1. The program provides instruction in the structure of the school, the local school system, and state and regional agencies.
2. The program provides instruction in the roles and functions of all school-related personnel.
3. The program provides instruction in the rights of teachers within the governance structure of the schools.
4. The program includes study of the school employee-employer contractual relationship and the process through which it is determined.

Evidence Questions

1. Does the program provide instruction and field-based experiences in staff meetings, school board meetings, and state education agency and legislative sessions dealing with educational issues?
2. Does the program provide instruction and field-based experiences relating to the work of various school personnel, e.g., principal, special service personnel, superintendent, practicing teachers at different levels?
3. Does the program provide instruction in what laws and policies exist within the state and various school districts which impinge on the practice of teaching?

State Teacher Education Agency

The NEA calls for the establishment in each state of an autonomous agency such as a professional standards board, governed by a majority of teachers who are members of the majority national teachers organization, to approve teacher preparation programs and certificate prospective teachers. The agency should have the following characteristics and powers:

- It should be legally autonomous.

  It should be directly responsible to the legislature.

  No other state agency should have veto power over it.

- It should be governed by a majority of K-12 teachers who are members of the majority national teachers organization.

  Other educational interest groups — such as those representing teachers K-G, higher education, and administrators — should have representation on the governing board.

  To be eligible for appointment to the board, a person should be fully certificated for the position he/she holds and have five years of teaching experience in the state, including two years immediately preceding the nomination and appointment.

  Nominations for teacher representatives on the board should come from the state affiliate of the majority national teachers organization.

- Its budget should be separate from that of other state education agencies and should be sufficient for the agency to carry out its functions.

  If fees are generated by the agency, they should support the work of the agency.

  The fees collected should not limit the agency's functions. If they are not sufficient, additional funds should come from general state revenues.

- It should use the NEA standards for approving teacher education programs at the state level.

- Its powers and responsibilities should be to:

  Establish procedures for using NEA standards to approve teacher education programs.

  Approve teacher education programs

  Award certificates to all eligible graduates of approved teacher education programs

  Set and administer its own budget

  Conduct hearings for the adoption of policies and rules

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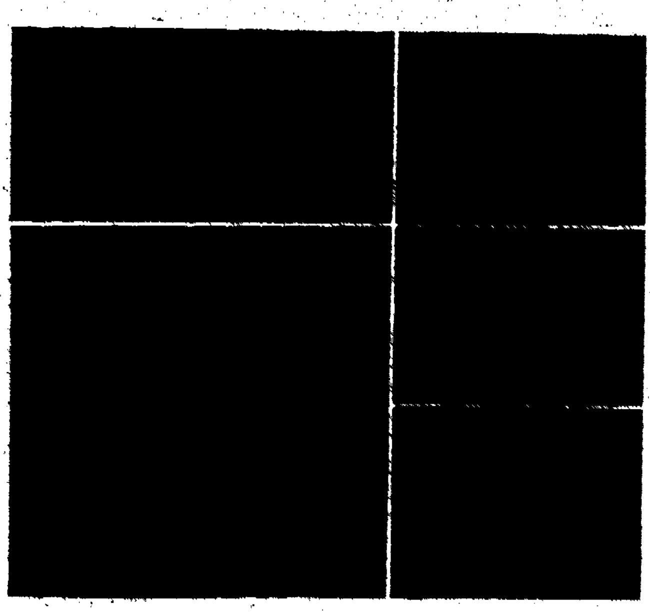
After hearings are conducted, adopt policies, rules, regulations, and procedures

Conduct hearings for due process and appeal

Monitor existing standards, change them when necessary, and investigate the need for additional standards

Hire an executive director and approve employment of the executive staff.

Achieving Our Purposes: Organizing For Action



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Achieving Our Purposes: Organizing for Action

There are two phases to bringing about improvements in teacher education: (1) specifying the changes that need to take place, and (2) taking actions to ensure that improvements are made. The previous sections have described the essential components and skills to be acquired from teacher education programs, the standards for approving teacher education programs, and the guidelines for establishment of an autonomous state agency for approving programs and certificating teachers. This section will deal with the procedures affiliates should take to ensure that changes in teacher education actually occur.

The focus of action for the improvement of teacher education is the state agency which approves preparation programs. It is this agency that will make decisions about the quality of programs, the approval of programs, and the subsequent certification of teachers. Such determinations as the criteria used to approve teacher education programs, the conduct of the approval process, and the procedures employed for rendering judgments for approving programs lie within the structure and authority of the agency. The NEA believes that establishing such an agency or making changes in an existing agency to function in the ways described in this document will create a positive structure that can bring about the necessary changes for teacher education.

The Action Process

The first step in the action process is for the state affiliate to determine procedures currently used in the state for approving teacher education programs and certificating teachers. The instrument which follows allows the affiliate to (1) identify the system for program approval and teacher certification already existing in the state, (2) compare it with the system called for in this document, (3) identify discrepancies between what is and what ought to be, and (4) set priorities.

The second step is to develop a plan for taking action on each of the identified discrepancies. It was noted earlier that the role of the National Education Association is to articulate what should be achieved through changes in teacher education programs. It was further noted that the state affiliate needs to make decisions about what should be done immediately and what can be done on a long-range basis, how it can be done most effectively within the state, and what specific planning and implementation must occur to ensure success. Such decisions should be based on the political, economic, and professional characteristics unique to the state. The action plan in this section should be viewed, then, only as a guide.

Assessment Checklist: State Teacher Education Agency

This instrument is designed for use by NEA affiliates to assess the state agency which currently approves teacher education programs. Whatever the agency's designation — board, commission, or council — it is the unit with responsibility for approving teacher education programs within the state.

The purpose of the instrument is to help Association members determine the extent to which the agency functions in ways consistent with those proposed in this document. To achieve this purpose, objectives appropriate for state teacher education agencies are identified under four categories: Composition and Teacher Representation, Legitimacy, Authority and Power, and Budget. In each category, respondents should indicate whether the objectives as stated are true or false for the agency that approves teacher education programs in the state. They should also rate the acceptability of the state approval agency in light of the objectives.

Information gathered with this instrument may be used to estimate the discrepancy between the existing state agency and the kind of agency advocated by this document. The information can also be used to identify desirable and possible changes and to promote discussion of the structure and function of state teacher education approval agencies.

Category and Objectives	True	False
IA. Composition of the Governing Board		
1. The membership of the board reflects appropriate geographic distribution.	____	____
2. There is an appropriate balance of men and women on the board.	____	____
3. The membership of the board is racially balanced.	____	____
4. The majority of the board are practicing certificated K-12 teachers.	____	____

* * *

To what extent is the existing governing board in your state acceptable in light of the objectives for Composition? (Check one.)

____ Very unacceptable ____ Acceptable

____ Unacceptable ____ Very acceptable

Category and Objectives	True	False
IB. Teacher Representation		
1. The governing board includes practicing certificated K-12 teachers.	____	____
2. Teacher representatives are currently employed as teachers.	____	____
3. Elementary and secondary teachers comprise the majority of representatives.	____	____
4. Elementary and secondary teachers are proportionately represented.	____	____
5. Qualifications for teacher representation are public record.	____	____
6. Qualifications for teacher representation are maintained.	____	____
7. Procedures for nominating and appointing teacher representatives are public record.	____	____
8. Procedures for nominating and appointing teacher representatives are followed.	____	____
9. The state affiliate of the majority national teachers organization is the vehicle for the nomination of teacher representatives to the governing board.	____	____
10. The K-12 teacher majority of the governing board are members of the majority national teachers organization.	____	____

* * *

To what extent is the existing governing board in your state acceptable in light of the objectives for Teacher Representation? (Check one.)

____ Very unacceptable ____ Acceptable

____ Unacceptable ____ Very acceptable

Category and Objectives	True	False
II. Legitimacy		
1. The agency is recognized in state education policy.	____	____
2. The agency is authorized through state legislation.	____	____
3. The agency is legally autonomous.	____	____
4. The legitimacy of the agency is recognized by professional education groups in the state.	____	____
5. The agency conducts hearings and has written rules.	____	____
6. The agency maintains records of its proceedings.	____	____
7. Documents pertaining to the operation of the agency are publicly accessible through hearings and upon written request.	____	____

* * *

To what extent is the existing agency in your state acceptable in light of the objectives for Legitimacy? (Check one.)

____ Very unacceptable

____ Unacceptable

____ Acceptable

____ Very acceptable

Category and Objectives	True	False
III. Authority and Power		
1. The agency has the authority or power to:		
a. Establish procedures for using standards to approve teacher education programs	____	____
b. Approve teacher education programs	____	____
c. Award certificates to all eligible graduates of approved teacher education programs	____	____
d. Set and administer its budget	____	____
e. Adopt policies, rules, regulations, and procedures	____	____
f. Monitor and investigate current standards for teacher education and establish new ones if necessary	____	____
g. Hire an executive director and approve employment of the executive staff.	____	____
2. The agency uses formal standards for approving teacher education programs in the state.	____	____
3. The standards for approving programs are consistent with those proposed by the NEA.	____	____
4. The standards for approving programs are consistent with NCATE standards.	____	____

* * *

To what extent is the existing agency in your state acceptable in light of the objectives for Authority and Power? (Check one.)

____ Very unacceptable

____ Acccceptable

____ Unacceptable

____ Very acceptable

Category and Objectives	True	False
IV. Budget		
1. The agency is funded for continuous operation.	____	____
2. The funding source is reliable.	____	____
3. Funds are adequate to carry out the functions of the agency.	____	____
4. Funds are separate from other state education agencies.	____	____
5. The budget is publicly available for examination.	____	____
6. The agency is responsible for setting the budget.	____	____
7. The legislature authorizes the budget.	____	____
8. The agency sets fees for approving programs and certificating teachers.	____	____
9. Fees collected are used only by the agency.	____	____

* * *

To what extent is the existing agency in your state acceptable in light of the objectives for Budget? (Check one.)

____ Very unacceptable ____ Accceptable

____ Unacceptable ____ Very acceptable

Developing an Action Plan

Analyzing the data from the Assessment Checklist is the basis for setting priorities:

- What can be changed immediately and with minimal effort
- What can be easily accomplished on a longer range basis
- What changes will be difficult to accomplish without exceptional effort.

Once these three levels of priority are established, it is important for the state association to determine the action necessary to achieve its purposes. Affiliates of the NEA have an extensive history of successful organizing in instructional, political, and legislative arenas and they can use this expertise to bring about substantial changes in teacher education programs. Consideration should be given to unilateral action, coalition building, organizing members, public relations, and political legislative actions. Timelines and budget considerations for such a program are critical.

The NEA will provide technical assistance to any of its affiliates choosing to participate in implementing the proposals set forth in this document. As states develop and implement their action plans, case studies will be made available by the NEA to document efforts to improve the quality of teacher education in the United States.

Mr. SIMON. Dr. Saunders, since you are next in line, we will just have you next.

STATEMENT OF ROBERT SAUNDERS, DEAN, MEMPHIS STATE UNIVERSITY COLLEGE OF EDUCATION

Mr. SAUNDERS. Thank you very much, Mr. Chairman.

I am Robert Saunders, dean of the College of Education at Memphis State University. I also am president-elect of the American Association of Colleges for Teacher Education. My statement today will reflect the views and recommendations of American Council on Education and, we hope, the higher education community.

I had the privilege a few months ago of appearing before the Task Force on Merit Pay, and I am equally privileged this afternoon.

We believe that the new title V of the Higher Education Act should focus on preservice teacher education and professional development activities with an emphasis on school-college and university partnerships, a point that was made already this afternoon. The higher education community has developed a position paper on this matter that reflects our consensus and our stated views for several years, and we share that as an appendix to this statement.

We commend you and members of the committee for your leadership in the development and consideration of this legislation. It reflects an understanding of the problems surrounding teacher recruitment, preparation and retention; and it is a statement that the Congress of the United States believes that a quality education for our teachers is important. We concur with the implicit premise of H.R. 5240: that the best possible candidates must be attracted into teaching; that they must receive the best education possible, both pedagogical and subject content; and that professional development opportunities must be available for all educators.

To adequately address these needs will require the cooperation of teachers, administrators, citizens, State, local, and Federal Government. It will require the serious efforts of the higher education community and our colleagues in the elementary and secondary community.

There can be no argument that we must attract additional bright young people into education careers. Financial aid for students with an interest in teaching is appropriate and a good strategy. It works in other fields, and it will work in education, too.

As you know, Mr. Chairman, traditionally the position of the higher education community has been that student assistance should be based on need. However, we believe that in this situation, scholarships for students with a commitment to teach should be based on academic merit as well as financial need. The Carl D. Perkins scholarships outlined in part A of title V provide an excellent mechanism to attract people into the profession and to honor the achievements of outstanding high school students.

The next part deals with the expectation of colleges and universities, and we would like to say that we believe that schools of education, colleges, and universities, should not be expected to graduate professionally mature teachers. We feel that many times that is the expectation, and it is an unrealistic one. Rather, we believe

that we should be expected to graduate persons who have entry-level preparation adequate to begin a career. But how much they grow professionally and how competent they become will be, in large part, the functions of on-the-job professional development, the professional nurture that they receive, the availability and quality of inservice programs. There is a great deal of concern concerning the inadequacy or the relatively adequacy of professional development programs. We believe that summer institutions as described in part C, and other professional activities described in part D estabish a good framework for the delivery of staff development opportunities.

Some questions have been raised concerning the usefulness of the National Science Foundation Summer Institutes, and those findings might relate to the proposed institutes in title V. I would like to share with you some of our observations about these institutes.

Twenty-five years ago, the NSF program was designed to update teachers' scientific background—their knowledge base, if you will—build interest in science, and improve communication between teachers and researchers. Conducted primarily through academic departments of science, the emphasis was upon advanced subject matter training.

College and university-level disciplines, however, such as mathematics or science or history, are traditionally organized to prepare researchers and—I ought to be careful of the way I phrase this—high-level scholars, which may not be necessarily the kind of preparations that many teachers will need. A fundamental problem with the NSF institutes was the lack of pedagogical component. Consequently, when these teachers returned to the classroom, they brought with them new knowledge often more advanced then they were able to use in their classrooms, except for the most able and gifted students, and further, the teachers had acquired no new practical skills to teach their subject to typical junior high or high school students.

The NSF institutes provided no incentives for teams of teachers. We feel that this was a great flaw. When only one individual from a school or district participates in this kind of activity, it is very difficult for that person to subsequently implement new ideas and new programs. In addition, these teachers must have a commitment from their schools to support innovations. Without that commitment from the school, without some role that they would be expected to play with preferably a team of teachers, chances are that, while one individual might improve his or her performance in the classroom, the impact on the overall educational establishment and on education for all the boys and girls will be somewhat limited.

The involvement of both schools for education and arts and science faculty and administrators in planning and followup is, according to this viewpoint and our belief, is essential. The purpose of the institutes should be twofold: to increase the subject matter knowledge that the teacher is responsible for teaching; as well as pedagogical training, new skills, new strategies, new techniques, the use of additional resources and how to relate material to varying levels of youngsters in the classrooms with different backgrounds and different levels of motivation.

Without that, again we would make the point that we believe that the teacher, while it is commendable that they might have increased dramatically and substantially the teaching field content, the frustration would be there that they would not be able to impact or to benefit from that as much as they would like, and that, not only would they not be carrying out the total purpose of the provisions of the legislation, but it also would make these people prime candidates for leaving the classrooms and going into business and industry.

Summer institutes can be an appropriate means for staff development when they are well designed, when they involve groups of teachers rather than individuals, when they have appropriate followup activities at the school site, and are recognized as part of a teacher's continued growth.

Let me move next, and toward the end, to the section that we believe is the central component of title V, and that is part E, institutional assistance for teacher training and school improvement. It is a rather small part of the bill, both in terms of language and funding. We have a recommendation to share with you on that in a moment.

But it is the foundation upon which all the other parts depend. Unless we can be assured that all preservice teacher education programs are of the highest possible quality, reflecting and exemplifying the most current research on teaching and learning, balanced in subject matter and pedagogy, even 4-year scholarships would not attract the best and the brightest. Without a strong institutional commitment to professional teacher education, our colleges and universities cannot be the resource for staff development and ongoing research that our schools systems require.

The higher education community is committed to continued revitalization of programs to prepare teachers. The NCES statistic that has been widely publicized, I think, bears evidence of that. Ninety-four percent of schools, colleges, and departments of education have made some change in recent years in their programs.

Research of the 1960's and 1970's increasing the knowledge base of teacher training has helped a great deal in this regard. While we feel that there is a great deal yet to be done, we believe that the track record is beginning to look pretty good, and we believe that the motivation and desire to do even more are certainly there. Programs such as Teacher Corps and Deans Grants, funded under part D of the Education of the Handicapped Act, brought modest amounts of money to colleges and universities, but did a great deal in the way of program improvement and modification addressing the serious problems that existed.

Your subcommittee and the House Committee on Elementary, Secondary, and Vocational Education have been given strong bipartisan support on behalf of adequate funding for elementary, secondary and postsecondary education, and know better than most of us the extent to which we have suffered losses in the Federal program support.

However, with the inclusion of the previous title V programs into the chapter 2 block grant, and accompanying cuts in other personnel preparation programs, during the last 4 years, Federal support for teacher training has declined over 25 percent. Coupled

with this is a situation documented by Peseau and Orr in 1980 and highlighted in the report by the Merit Pay Task Force: professional schools and departments of education are traditionally funded at significantly lower levels than other higher education programs.

I read just a day or so ago that that probably is the best explanation of why we have almost 1,300 institutions with teacher education programs; because it takes so little money to get one started, according to the popular view.

We believe that modest grants to institutions of higher education to stimulate program change will generate long-term benefits. This strategy has been used successfully, we submit, by FIPSE, and through the deans grants under the Handicapped Education Act.

I can testify personally, if you would like for me to, concerning the impact to the modest grant that our institution, called the deans grant, made in terms of a program change that we are still capitalizing on and benefited from manyfold in terms of what you would expect for a fairly modest amount of money. FIPSE grants are another example of that. They average between $75,000 and $100,000 a year, and the deans grants average $50,000 a year, but they require that the deans be project directors and put the responsibility, as you know, in that office to make the program changes.

Even if the Appropriations Committee would fund part E at the full $15 million authorization level, this would only translate to two or three awards per State. The elements for change in our school systems are present in H.R. 5240. However, we believe the emphasis is out of balance. This is the recommendation that I alluded to earlier.

Substantial resources will be necessary for the Perkins scholarships and $75 million is proposed for staff development activities, yet only very modest sums are suggested for the institutional programs that bind the other parts together. The foundation of the teacher preparation system isn't the place to skimp on resources. We recommend that the subcommittee look closely at this imbalance and adjust authorization levels for parts E and F accordingly.

Thank you, Mr. Simon, and members of the committee.

Mr. SIMON. Thank you.

[Prepared statement of Robert Saunders follows:]

PREPARED STATEMENT OF DR. ROBERT SAUNDERS, DEAN, COLLEGE OF EDUCATION, MEMPHIS STATE UNIVERSITY, MEMPHIS, TN, ON BEHALF OF AMERICAN COUNCIL ON EDUCATION

Good afternoon Mr. Chairman and members of the Subcommittee. I am Dr. Robert Saunders, Dean of the College of Education at Memphis State University. I am pleased to be with you to discuss provisions in H.R. 5240 to reauthorize Title V of the Higher Education Act. I am president-elect of the American Association of Colleges for Teacher Education, however my testimony today is also on behalf of the American Council on Education and reflects the views of the higher education community.

We believe that a new Title V of the Higher Education Act should focus on preservice teacher education and professional development activities with an emphasis on school-college and university partnerships for program design and implementation. The higher education community has developed a position paper that reflects our consensus and I would like to share it with you as an appendix to my testimony.

Let me commend you, Mr. Chairman, and the members of this Subcommittee for your leadership in the development and consideration of this legislation. It reflects an understanding of the problems surrounding teacher recruitment, preparation, and retention; and, it is a statement that the Congress of the United States believes

that a quality education for our teachers is important. We concur with the implicit premise of H.R. 5240: that the best possible candidates must be attracted into teaching; that they must receive the best education, balanced in subject matter and a strong professional component; and, that professional development opportunities must be available for all educators.

To adequately address these needs will require the cooperation of teachers, administrators, citizens, state, local and federal governments. It will require the serious efforts of higher education and our colleagues in the elementary and secondary community.

There can be no argument that we must attract additional bright young people into education careers. Financial aid for students with an interest in teaching is appropriate and a good strategy. As you know, Mr. Chairman, traditionally the position of the higher education community has been that student assistance should be based upon need. However, we believe that in this situation, scholarships for students with a commitment to teach should be based on academic merit as well as financial need. The Carl D. Perkins Scholarships outlined in Part A of Title V provide an excellent mechanism to attract people into the profession and to honor the achievements of outstanding high school students.

Colleges and universities cannot and should not be expected to graduate professionally mature teachers. Rather, they should be expected to graduate persons who have entry level preparation adequate to begin their career. But how much they grow professionally and how competent they become in time are functions of on-the-job training, professional nurture, and the availability and quality of inservice programs. We believe that summer institutes as described in Part C and other professional activities described in Part D establish a good framework for the delivery of staff development opportunities.

Recently, questions have been raised about the usefulness of the National Science Foundation Summer Institutes conducted in the late 1950s and early 1960s. I would like to share some observations on these institutes with you. Twenty-five years ago the NSF program was designed to update teachers' scientific background, build interest in science, and improve communication between teachers and researchers. Conducted primarily through academic departments of science, the emphasis was upon advanced subject matter training.

College and university-level disciplines such as mathematics or science or history are traditionally organized to prepare researchers and scholars rather than teachers. A fundamental problem with the NSF institutes was the lack of a pedagogical component. Consequently when these teachers returned to the classroom they brought with them new knowledge often too advanced for all the brightest high school students, and further, the teachers had acquired no new practical skills to teach their subject to typical junior high or high school students.

The NSF institutes provided no incentives for teams of teachers from a school to attend. When only one individual from a school or district participates in this kind of activity, it is very difficult for that person to subsequently implement new programs or ideas. In addition, these teachers must have a commitment from their schools to support innovations. Change is often slow and is more easily effected by groups of people than individuals.

The involvement of both school of education and arts and sciences faculty and administrators in planning and follow-up is essential. The purpose of these institutes should be to upgrade teaching skills of education personnel in elementary or secondary schools. To conduct institutes that provide only advanced work in a particular discipline carries the danger of producing frustrated teachers who are highly skilled in subject matter, but cannot translate it appropriately into a classroom setting. These people will then become prime candidates to leave the classroom for positions in business or industry.

Summer institute can be an appropriate means for staff development when they are well designed, involve groups of teachers rather than individuals, have appropriate follow-up activities at the school site, and are recognized as part of a teacher's continued growth rather than the sum of it.

This brings me to what I believe is the central component of Title V: Part E, Institutional Assistance for Teacher Training and School Improvement. It's a rather small part of the bill, both in terms of language and funding, but it is the foundation upon which all the other parts depend. Unless we can be assured that all preservice teacher education programs are of the highest possible quality; reflecting and exemplifying the most current research on teaching and learning; balanced in subject matter and pedagogy, even four-year scholarships won't attract the very best students. Without a strong institutional commitment to professional teacher educa-

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tion our colleges and universities cannot be the resource for staff development and ongoing research that our school systems require.

The higher education community is committed to continued revitalization of programs to prepare teachers. A recent NCES report indicated that 94% of schools, colleges and departments of education had made changes in their teacher preparation programs within the last five years. This is in large measure the result of an expanding knowledge base undergirding teaching and learning. Research of the 1960s and 1970s has helped institutions initiate program innovations that make teacher education of today considerably different from teacher education a decade ago. Much of this was a result of stimulus from, and support by, the federal government. Programs such as Teacher Corps, and Deans Grants funded through Part D of the Education of the Handicappted Act, brought modest amounts of institutional support to help us design and institutionalize new and innovative programs.

Your Subcommittee and the House Committee on Elementary, Secondary and Vocational Education have been given strong bipartisian support on behalf of adequate funding for elementary, secondary and postsecondary education and know better than most the extent to which all of us have suffered losses in federal program support. However, with the inclusion of the previous Title V programs into the Chapter 2 Block Grant, and accompanying cuts in other personnel preparation programs, during the last four years federal support for teacher training has declined over 25%. Coupled with this is a situation documented by Peseau and Orr in 1980 and highlighted in the report by the Merit Pay Task Force: professional schools and departments of education are traditionally funded at significantly lower levels than other higher education programs.

We believe modest grants to institutions of higher education to stimulate program change will generate long term benefits. This strategy has been used successfully by FIPSE, through the Education of the Handicapped Act, and under Title VII of the Elementary and Secondary Education Act. Such grants might support cooperative efforts between faculties of liberal arts and faculties of education to revise and strengthen general studies and professional education programs; they could be used to develop alternative professional preparation programs for non-traditional teacher education students, such as adults who are interested in career changes; or, they could be used by constoria of institutions within a region to coordinate teacher education programs.

FIPSE Grants are between $75,000 and $100,000 per year. Deans Grants averaged $50,000 per year for each of five years. Even if the appropriations committee would fund Part E at the full $15 million authorization level, this would only translate to two or three awards per state. The elements for change in our school systems are present in H.R. 5240, however we believe the emphasis is out of balance. Substantial resources will be necessary for the Perkins Scholarships and $75 million is proposed for staff development activities, yet only very modest sums are suggested for the institutional programs that bind the other parts together. The foundation of the teacher preparation system isn't the place to skimp on resources. We recommend that the Subcommittee look closely at this imbalance and adjust authorization levels for Part E and F accordingly.

Thank you, Mr. Simon and members of the Committee.

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APPENDIX

American Association of Colleges for Teacher Education

HIGHER EDUCATION ACT

TITLE V

Preservice and continuing teacher education is a cooperative effort that must recognize the needs of students, parents, teachers and principals, as well as and the capabilities of colleges and universities, school districts, and government to meet those needs. The higher education community believes that a new Title V of the Higher Education Act should focus both on preservice education and professional development activities with an emphasis on school, college and university partnerships for program design and implementation. Discussion of strategies for educational reform within this framework follows.

PROFESSIONAL DEVELOPMENT AND SCHOOL, COLLEGE AND UNIVERSITY PARTNERSHIP ACT

Part A - Data Collection and Research

(1) The Secretary shall utilize the legislative authority under the General Education Provisions Act, Part A, Sec. 406 (b) to annually assess current and future supply and demand for teachers with particular attention to: long-term and short-term shortages of personnel in various areas of specialization, shortages in particular states or regions, and the number of minorities and women entering teaching. This analysis may include assessment of other educational needs identified by the Congress such as, for example, the need for instructional equipment and materials in elementary and secondary schools and in postsecondary institutions. These data should then be used to direct federal resources for program improvement activities described in Part B of this Title and for scholarship and loan programs described in Part E. In undertaking the data collection, the Secretary shall take action to reduce reporting burden through voluntary responses and sampling techniques. The Secretary may reimburse respondents for any extraordinary costs incurred in the provision of information to assist the Secretary in complying with the data collection under this Part.

(2) The Secretary of Education is authorized to award grants for research consistent with programs authorized in this Title.

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(3) At least 5% of the funds allocated for this Title shall be reserved for activities described in this Part.

Part B - Institutional Support for Teacher Education Programs

The Secretary of Education is authorized to make grants to institutions of higher education to encourage high standards of quality, a commitment to professional teacher education, and rigorous admission for entry standards into teacher preparation programs.

Examples of such programs include, for example:

- designing and implementing programs with rigorous admission standards, and in attracting talented students into these programs;
- designing teacher education programs involving consortia of institutions to help members of the consortium diversify and redirect teacher education programs and curricula;
- supporting cooperative efforts involving faculties of liberal arts and faculties of education to revise and strengthen general studies and professional education programs including, for example: strategies to incorporate clinical experiences throughout the preparation program, and extension of teacher preparation programs beyond the traditional four-year period;
- integrating current research, including practitioner identified research, more fully into teacher education programs and sharing such research with elementary and secondary education teachers and administrators;
- developing alternative professional preparation programs for non-traditional teacher education students;
- preparing teachers for shortage areas identified in Part A;
- designing and implementing staff development projects for faculty members of collegiate departments of education to acquaint faculty with new research on teaching and learning and innovative teaching practices;
- designing and implementing teacher education programs geared to meet the needs of historically under representated populations and institutions with large numbers of such populations as identified

from data collected in Part A;

- developing programs to train existing or new school personnel in new technologies.

Part C - Summer Institutes

The Federal government shall inaugurate a program of summer institutes for educators at the elementary, secondary, and postsecondary levels to include advanced instruction in subject matter and teaching techniques, including research on student learning, effective teaching, and school-site improvement. The summer institutes are intended to provide staff development opportunities for education professionals as well as to provide an opportunity for non-educators who are seeking entry into the profession to earn the credits necessary for a position as an elementary or a secondary school teacher. The institutes, which will include both subject matter and teaching skills components, are intended to complement not replace an undergraduate or graduate program of studies, must meet or exceed the academic standards of the institution or institutions at which they are conducted, and should expand state and local efforts rather than duplicate or replace existing programs. Institute grants shall be awarded to institutions of higher education, consortia of colleges and universities, or constoria that include institutions of higher education and appropriate state agencies and/or local professional development units.

Part D - School, College and University Partnerships

Federal funds, through a system of discretionary grants from the Secretary of Education, shall be awarded to serve as a catalyst to encourage and facilitate school, college and university partnerships to focus on a number of critically important areas.

These grants shall be used to support jointly developed and executed projects involving schools, local school districts and institutions of higher education that demonstrate partnership in addressing teacher preservice and staff development needs. It is the intent of this Part that these partnerships not be limited to institutions of higher education, schools, and and school districts, but may also include teachers, administrators and appropriate state agencies. Partnership awards under this Part are established under three broad categories of activities: IHE focused grants; LEA focused grants; and other partnership awards.

(1) IHE focused grants. Awards under this section shall be awarded to institutions of higher education for programs developed and administered in partnership with local education agencies and other eligible groups as described above. Projects supported under this Part might include, for example, joint arrangements between elementary or secondary schools and institutions of higher education to provide programs of assistance for beginning teachers; joint arrangements between elementary or secondary schools and IHEs to provide expanded clinical experiences for teacher education candidates at the school

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site while using teachers from those schools to work with education students at the college or university; design and conduct of staff development units to allow teams of teachers and/or administrators an opportunity to work together on school-site projects; and, projects involving college/university and elementary/secondary school faculty in the practical application of educational research and evaluation findings.

(2) LEA focused grants. Awards under this section would be to local education agencies for programs developed and administered in partnership with institutions of higher education and other eligible groups as described above. Grants could be used to create professional development centers for teachers which would encourage exploration and sharing of new research, ideas and materials to be applied in the classroom. Such centers would bring together a variety of resources including teachers from various school sites and/or school districts serving as resources for their colleagues, collaborative activities between K-12 teachers and faculty at institutions of higher education, and a variety of institutional and community resources which could be applied to improving instruction.

(3) Other Partnership Grants. Awards under this section would be to institutions of higher education, schools, or local educational agencies in partnership with other appropriate education agencies or units to conduct education policy studies; use timely research and development data to design and implement curriculum improvements; conduct collaborative research involving university faculty and classroom teachers and school site administrators; and upgrade instructional systems and technology in schools and local school districts.

Part E - Teacher Recruitment

Scholarships

It is the purpose of this Part to make merit-based grants available to outstanding high school graduates and college students, who demonstrate an interest in teaching to enable and encourage those individuals to pursue elementary or secondary teaching careers. Up to 10,000 grants will be made available with awardees selected from the top 10% of high school graduates. Funds for these awards shall be allocated to a state on the basis of the ratio of persons in that state to persons in all states. Awards to indivduals will be made by the state. The amount of such grants shall be based on need and may not exceed an amount equal to tuition and fee expenses, exclusive of other scholarships or awards, of any recipient for up to four academic years and may be paid only upon proof of satisfactory achievement the preceding academic year. Students are encouraged but not required to attend a college or university the state where the grant is awarded.

Within five-years after completing the postsecondary education for which the grant is made, recipients will be required to teach in an elementary or secondary school in any State for a period of not less than one year for each year of financial assistance under this Title.

Teacher Fellowships

To encourage outstanding teachers to remain in a school system, a program of talented teacher fellowships would be established. Two fellowships would be awarded to public school teachers teaching in each Congressional district of the United States. Selection of awardees would be made by a national panel.

Each outstanding teacher would be given one year's sabbatical and a $5000 stipend. These stipends may be used for study, research, travel, consultation with other school districts, development of special programs, development of model teacher programs, or other activities related to the individual's professional assignment and needs of the school system. School districts would be reimbursed for the actual cost of the teacher's salary during the year that teacher is absent from his/her duties.

Fellowship recipients will be required to return to the same school district to teach for at least two years following the one-year fellowship.

Part F - Authorization of Appropriations for Parts A,B,C,D, and E

There are authorized to be appropriated such sums as may be necessary for the conduct of programs authorized in Parts A, B, C, D, and E of this Title.

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Mr. SIMON. Our final witness is Dean Pat Graham, Harvard University Graduate School of Education.

STATEMENT OF PATRICIA ALBJERG GRAHAM, DEAN, HARVARD UNIVERSITY GRADUATE SCHOOL OF EDUCATION

Ms. GRAHAM. Thank you very much, Mr. Chairman. It is a pleasure to be back here.

I thought what I would like to do today is to summarize very briefly the observations that I gave in a little greater length in my prepared testimony. I would like to talk first a little bit about teaching, and then talk a little bit about how I think that the proposals you have in title V are addressing those issues.

Overall, I am delighted to see title V. I think that it speaks in very persuasive ways to a very important problem we face in America today.

I would like to begin by saying that I think that teaching itself in this country is, at this moment, more difficult, teaching is harder, than it has ever been before in your history. I think it is harder for three reasons. First of all, it is harder because we now expect elementary students and high school students to master a greater body of material on a greater variety of subjects than we have expected in the past.

Second, and most importantly, we no longer expect just a few children who are academically proficient to master it, but it is vital for the welfare of our society that all children master it, even those who have in the past found mastery of academic material very difficult, and teachers—particularly high school teachers—have not been at their best in the past in helping youngsters who have not done well in school begin to reverse that pattern in high school.

Third, teaching today has lower prestige than it has ever had in the past. One of the reasons that teaching has lower prestige is that it no longer benefits from the discrimination that has existed in this society that has kept teaching a haven for minorities and women. Teaching got by in the past by benefiting from what the society was depriving the rest of, of the talents of women and minorities, and no longer does and, therefore, teaching itself is much maligned.

Those three factors together seem to me to make teaching more difficult today than it has been in the past.

I would like to make six general points that I think are essential for a comprehensive plan for improvement in the quality of this country's teachers.

The first that I would argue is that a broad-based liberal education is the sine qua non in the academic training of teachers. Such a liberal education provides insight into the world and, at its best, challenges our assumptions about it. It exposes teachers to a disease, and I think it is a disease that I hope is both contagious and enduring, and that disease is namely a rigorous curiosity.

A good case of rigorous curiosity about the world, its humanistic endeavors, its scientific and technological activities, its artisitic components—rigorous curiosity about those matters can and should result from a liberal education, and such rigorous curiosity can enhance a teacher's likelihood of being effective, especially if that rig-

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orous curiosity remains contagious. For persons planning to become specialists in subject matters, intensive training in those subjects is essential as well.

So our first argument is for contagious liberal education.

Second, I believe that beginning salaries are at rock bottom and must be raised immediately in order for teaching to become competitive with other fields. I think that is a point that is well understood by many.

Third, I would argue that we need career ladders for teachers, and I think that they are career ladders for which there should be differential pay for differential kinds of work. This is an issue which, of course, Mr. Chairman, you considered in your task force at some time.

Fourth, I would argue that we need to encourage nontraditional candidates to go into teaching, including both midcareer professionals who are often eager for such opportunities, as well as those young people who might excell in the classroom for, say, 4 or 5 years before they might go on to some other field.

This year at Harvard, we are beginning a program of teacher training, which we haven't done in a while and are back doing again, for midcareer math/science teachers. We are finding that, in this first year of a pilot program, we had over 300 inquiries for about 8 spaces in that program of people who are experienced engineers and scientists who, at the age of 50 or 55, are eligible for early retirement from their company and believe that they would like to pay back a debt to a society that gave them a good education to allow them to be successful in their company.

We find, on the basis if this year's experience, that these people have the capacity to be outstanding teachers. They rank very high in academic preparation, and they have a commitment to try to learn to be effective in the classroom with children, which we find very appealing. And they also have a great deal more experience with the wide world, which we think is an added virtue to bring to the schools as well.

I am also extremely enthusiastic about having gifted undergraduates of the kind provided for by the Carl Perkins scholarships to enter teaching. We at Harvard are beginning to try to put together a program for undergraduates at Harvard to be able to do this as part of their undergraduate education program. We believe that is a feasible alternative for a number of undergraduates, but probably many of them will not intend to stay in teaching forever, but that they should get good preparation for it as part of their undergraduate program.

Fifth, I think we need to consider requiring administrators to spend part of their day teaching. That I recognize is a controversial observation. I make it simply because, if the working conditions issue for teachers is very important, there is no way that I know of and within most schools today to get leverage to improve working conditions like having administrators to have to work there, too. That provides an opportunity for a unified front between teachers and administrators that has not always existed in the public attention in the last decade or so.

Finally, given the choice, I think that we need to focus greater attention on the development of high-quality, attractive and perti-

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nent inservice teacher programs, rather than concentrate all of our resources at the preservice level. We have sometimes tended to believe that preservice teacher training had the quality of a vaccination, in which once you go this, you got it for life. I believe, rather, it is like a flu shot; it may help you the first year, but you need get something again the next year you are into it. So I believe that it is very important to concentrate attention on the inserve part of the dimension.

You will recognize, of course, that these general points that I have made about teaching are very well dealt with in your bill.

Part A, which talks about scholarships, seems to me to be an excellent idea, although I share the view that was expressed earlier today that it might be wise to think about the top 10 percent rather than the top 5 percent in terms of eligibility for these fellowships.

One way of dealing with the in-State/out-of-State question, that also deals with whether 1 year versus 2 years is the proper payback period, is to say it is 1 year each year you teach in your State, 2 years for every year you teach out of your State. I offer that for the consideration of all of the bodies who must think about this.

I am delighted to see part B on the Talented Teacher Program, which certainly has my endorsement, and is similar to some of the concerns of the Twentieth Century Fund Task Force on Elementary and Secondary Education policy, on which I serve.

I am delighted to see also parts C and D which will fund summer institutes, workshops, and other avenues for teacher development, and highlight the importance of the in-service State development approach which I just discussed, and with the provision to act jointly with school systems. I think the day is long gone when those of us in the universities can think that we can provide answers for the so-called beknighted practitioner. The practitioners and the university people have a great deal to say to each other, and fostering that kind of communication—which is not always easy to achieve—fostering that kind of communication through Federal funds, it seems to me, is a very, very worthy task.

I am glad to see part F, including data collection and evaluation activities, so I am pleased to see this material.

Let me just conclude by saying that I believe that the wit and character of the American people are this Nation's most valuable resource. While many institutions in this society have responsibility for nurturing such wit and character, the preeminent responsibility for fostering the development of wit and character of the American people rests with the teachers of our schools, colleges, and universities. No government can afford to ignore its most precious resource, particularly when there is ample evidence as there is now that that resouce is not being adequately developed.

Therefore, to protect and to promote this basic resource, the wit and character of the American people, I believe that the Federal Government must increase its efforts in education in general, and in teacher programs in particular, and I believe that title V does this.

Thank you very much.

[Prepared statement of Patricia Albjerg Graham follows:]

PREPARED STATEMENT OF PATRICIA ALBJERG GRAHAM, DEAN, HARVARD GRADUATE SCHOOL OF EDUCATION

My name is Patricia Albjerg Graham. I am the Charles Warren Professor of the History of American Education and Dean of the Graduate School of Education at Harvard University. I would like to thank the Subcommittee for the opportunity to testify on a topic so important to use all, to our country as a whole.

I do not need to remind anyone here today that over the past year we have witnessed another round of profound criticism of our public school system. During this time the public has been told in a dozen well-publicized reports and a half dozen widely reviewed (if not read) books that the American high school, and its teachers, leave a great deal to be desired. Beginning with the National Commission on Excellence fervent report, A Nation at Risk, and moving to the Twentieth Century Fund assessment of federal elementary and secondary education policy, Making the Grade, the documents acculumated and proliferated throughout the summer. The College Board told us what the essentials of the high school curriculum were. The Education Commission of the States group included both state and business leaders and expressed grave concerns about current educational practice in the high schools. By Labor Day the National Science Board Commission revealed that extant mathematics and science instruction was inadequate in American schools.

In fact, one of the several common threads running through these reports is that teachers are both the root of the difficulty and the primary means of solving the problem of poor student achievement. Another commonality among the reports is the view that principals, the heros of the effective school literature of the late 1970s, must become instructional leaders, not just bureaucratic managers. Their role in the current reports generally appears less central than that of teachers.

To a remarkable degree, however, the focus of the reports is upon teachers. In previous years we have hesitated to square our shoulders forcefully and say that in teachers lay both the failure and the solution. We have looked either to curriculum or technology, either separately or together, to compensate for the "teacher problem." In these reports we recognize that without the support of teachers, no fundamental improvements will occur. It is noteworthy that, say, 75 years ago, teachers were criticized for being too formalistic, too rigid, too strict, and not compassionate enough with their students; rarely were they criticized for a lack of academic competence. Now we are not concerned with the moral fiber of teachers, as we were in earlier decades, but rather with their working conditions, their cognitive achievements, their pedagogical skill.

Another common element in the current reports which represents a sharp departure from prior analyses and efforts to enhance our educational arrangements is the emphasis placed upon improving the education of all children, not just the college bound or technically talented. This time the academic deficiencies are seen as more fundamental, affecting the entire population, embedded more deeply in the society, than were the problems of the past. Previously, as in the late 1950s, remediation could focus on one segment, namely the scientific and technical personnel, while generally improving the college preparatory curriculum. Now we worry at least as much, if not more, about the repairman who is a high school graduate but who is unable to read his instructional manual. He, too, must receive a better high school education, as well as those high school valedictorians whose SAT scores are lower than those of their predecessors.

This additional and appropriate concern makes the solution or improvement of schooling immensely more difficult. Before the attention concentrated upon youngsters who in general were not disaffected from school, who were accustomed to doing reasonably well, if not well enough. Now we are undertaking efforts to reach students for whom school in general and often high school, in particular, has been an unsatisfactory and disheartening experience. That is an altogether different task, to help them to learn effectively, and requires many more skills than simply transmission of academic material. The challenge to educators, and especially to teachers, is immensely greater than simply developing a curriculum for children who have already been successful in learning.

The issue for the future, therefore, rests upon recognizing the centrality of teachers, and not believing that they can be obviated through curriculum reform or tricky technologies. Both improved curriculum and technology can augment their effectiveness, but both must be oriented to augment, not obviate.

Further, we have nearly two and one-half million teachers in the United States, and it is the height of folly to believe that only the "best and the brightest" can be recruited to teaching. To expect to recruit and keep the best and the brightest in a field that is regularly maligned through criticism, where average annual salaries for

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experienced persons with master's degrees are less than $20,000 and where the work is very hard strikes me a highly unlikely. We must be able to actively recruit able persons to the field of teaching, not necessarily expecting all to remain for their entire professional lives. Most of all, we must provide working conditions, including forms of career ladders, that will make teaching substantially more attractive for the long career than it now is. One simple but effective incentive for improving working conditions of teachers would be to require that all administrators spend a portion of their day in classroom teaching. This is an unorthodox notion, to be sure, but one which I am equally sure would focus greater attention upon the problems of teacher working conditions, and lead to their more rapid resolution, than has occurred in the past.

There are, broadly, six points which I would advocate as essential to a comprehensive plan for improving the quality for our nation's teachers:

(1) I believe that a broad-based liberal education is the sine qua non in the academic training of teachers. Such a liberal education provides insight into the world, and, at its best, challenges our assumption about it. It exposes teachers to a disease that we hope is both contagious and enduring, namely rigorous curiosity. A good case of rigorous curiosity about the world, its humanistic endeavors, its scientific and technological activities, its artistic components—rigorous curiosity about those matters can and should result from a liberal education and such rigorous curiosity enhances a teacher's likelihood of being effective, especially if that rigorous curiosity remains contagious. For persons planning to become specialists in a subject, intensive training in that subject is essential.

(2) Beginning salaries are at rock bottom and must be raised, immediately, in order for teaching to become competitive with other fields.

(3) We need to develop career ladders for teachers, with differential pay structures for various activities.

(4) We need to encourage nontraditional candidates for teaching, including both midcareer professionals who are often eager for such opportunities as well as those young people who might excell in the classroom for, say, three to five years, before moving on to other occupations. I will return to this point later in my testimony.

(5) We need to consider, as I have previously mentioned, requiring administrators to spend part of their day teaching.

(6) Given the choice, we might focus greater attention of the development of high quality, attractive, and pertinent in-service programs, rather than concentrate all our resources at the pre-service level. I fully agree with my colleagues at the Harvard Graduate School of Education Harold Howe II, when he notes that, "We traditionally divide efforts to improve learning by helping teachers into pre-service and in-service categories. Both are important, but for the next ten years in-service training is more important. A very high proportion of the teachers in today's classroom will be there ten years from now—probably close to 70 percent."

Turning to the reorganization of Title V of the Higher Education Act of 1965 (which has recently been introduced as H.R. 5240), I congratulate Representative Simon and his co-sponsors for the thoughtful manner in which they have constructed the proposed reauthorization, which balances legitimate federal concerns with the opportunity to address longstanding issues thwarting real advances in our nation's teacher training agenda.

Although Parts A and B, the Carl D. Perkins Scholarship Program and the Talented Teacher Fellowship Program, respectively, will likely garner much of the publicity, I believe most educators will recognize the value and import of the remaining sections. Part E, for example, in addressing "Institutional Assistance for Teacher Training and School Improvement," will allow schools of education to strengthen their programs, establish innovative models of teacher training and improvement, and allow for much needed opportunities to develop school-college collaborations. Likewise, Parts C and D, which will fund summer institutes, workshops and other avenues of teacher development, highlight the importance of the in-service staff development approach I mentioned previously, with provisions, I am pleased to note, to act jointly with local school systems in applying research findings to classroom settings (see Part D, Sec. 532(a)(3)). Part F also emphasizes valuable data collection and evaluation activities.

I am especially heartened that, on the whole, the proposed reauthorization of Title V implicitly endorses and encourages many of the newer initiatives we have implemented at the Harvard Graduate School of Education. Over the past several years, the Harvard Graduate School of Education has established: (a) a Principal's Center, which seeks to overcome the often debilitating isolation of school personnel by fostering communication among school administrators, allowing them self-structured means to exchange ideas and engage in professional growth; (b) a tremendous-

ly innovative Mid-Career Science and Math Program, a certification program which allows established professionals in technical fields—the nontraditional teaching candidates to whom I referred earlier—to bring their expertise into the classroom in key academic areas marked by nationwide shortages. This program, I might add, is coordinated in conjunction with other faculties at Harvard University; (c) a variety of summer institutes for superintendents, principals, classroom teachers, and specialists, which allow them to renew their enthusiasm for education while learning new skills and up-to-date content.

The Harvard Graduate School of Education is quite proud of these initiatives, which we believe are consistent with both the spirit of the national reports, and with an awareness that we in the universities do not have the only answers to the needs of the practitioner. Hopefully, over the past twenty-five years or so we have finally learned that the issues are more complicated than we originally thought, and that simplistic solutions or even complicated ones devised in our libraries require substantial modification in the arena of practice. Collaboration between researchers and practitioners in the understanding and resolution of dilemmas of education practice is never easy, but it is necessary. To the extent that the proposed Title V furthers this essential conception in strengthening teacher, and I believe that it does, I applaud its direction and emphases.

With regard to Parts A and B, both have the potential to reinvigorate substantially the teaching profession. The Twentieth Century Fund Task Force, of which I was a member, proposed a program quite similar in all essentials to the Talented Teacher Fellowship Program. As presently structured in the proposed legislation, this Part has the added advantage of fostering valuable school-based improvement projects.

The scholarship program in Part A is a valuable model, though it might benefit from some minor adjustments. Certainly it is essential to attract academically sound candidates to the teaching profession. Yet, it is not to denigrate the judgment of high school seniors or their advisors and counsellors to think that their interests, and those of the teaching profession itself, might be better served by delaying a final decision on entering the field of teaching until one's sophomore or junior year in college. By that time a student has been exposed to the wide range of possibilities present in their college or university curriculum, and therefore make a more informed—and firm—decision. I would also add that I believe it would be wise to broaden the base of eligibility for this scholarship from the top five percent of a graduating class to the class to the top ten percent of that group. Granted both are somewhat arbitrary measures of achievement, but I believe a more inclusive figure runs less risk of a divisive stigmatizing of talent and ability.

To conclude, the wit and character of the American people are this nation's most valuable resource. Many institutions in the society have responsibility for nurturing them—families, communities, religious organizations—but the preeminent responsibilty for fostering the development of the wit and character of the American people rests with teachers in our schools, colleges, and universities. No government can afford to ignore its most precious resource, particularly when there is ample evidence that the resource is not being adequately developed. Such is now the circumstance for the federal government in relation to its educational institutions. To protect and to promote this basic resource, the wit [illegible] character of the American people, the federal government must increase its e[illegible] in education in general and in teacher programs in particular. That federal support for American schooling should supplement, not supplant, state and local efforts makes its need no less pressing. Only the federal government can assert and emphasize the national interest in teachers of high quality and in assuring that all children have access to them. The wit and character of all Americans need support, and the federal government has the responsibility to provide assistance to teachers in meeting this preeminent national need.

Mr. SIMON. We thank all three of you.

Incidentally, this is not the point of what we are doing here, but I like your suggestion—it is the first time I have heard it mentioned by anyone in your kind of position—of having administrators teach.

I have been on two college boards, and I pushed for having a college president teach 1 hour a week, simply to keep in touch with what is going on.

May I ask the three of you, did any of you start off after getting out of college as either elementary or secondary teachers?

[Show of hands.]

Mr. SIMON. All three of you. OK

When did you—and I realize this is the quick Gallop Poll here now—when did you decide to become a teacher, if I may ask each of you?

Ms. GRAHAM. I will begin.

I decided to become a teacher when I got engaged, when I was 18 years old, and realized I was going to get married as soon as I graduated from college, and I thought I better have some means of supporting my husband through graduate school.

Mr. SAUNDERS. I decided between the sophomore and junior year when I had a 15-month stay in Japan in occupation duty, and I was trying to put my transcript together and sort out my interests. It was then I decided I wanted to be a teacher.

Ms. ROBINSON. My decision was very, very pragmatically motivated. I am the eldest of five children. I entered college intending to go into pharmacy, and then I realized the prospect of graduate requirements and, knowing that there were two others following quickly, I thought to find a training program that would afford entry into a job. That is the reason I decided to go into teaching.

Mr. SIMON. The reason I ask you is you made the suggestion, Dr. Robinson, that we open up this Perkins Fellowship also to freshmen or sophomores in college. Two of the three of you would have not made the decision to become teachers prior to graduation from high school.

Let's just assume we take that suggestion—I guess I will toss this to any of you—right now we have the top 5 percent and some of you are suggesting it ought to be the top 10 percent, how do we make sure we are really getting the superior freshman or sophomore in college? What kind of standard do we devise?

Ms. GRAHAM. There are lots of possibilities.

Ms. ROBINSON. Grade point average. Looking back at requiring some application process which requires documentation of a wide range of criteria, such as demonstrated leadership potential, demonstrated commitment and interest in working with young people, working in more or less public service enterprise. I think we would have to generate a bit of creativity in order to develop some standards that would be flexible enough to be broadly applicable, but I think it could be done.

Having to make that kind of long-term decision at 16, 17, or 18 is a pretty formidable kind of prospect, and just to open it up a bit would just give us access to more potential.

Mr. SAUNDERS. I would like to suggest that we need to keep all the doors open if we can. I think that it is not going to be highly efficient immediately for us to attract high school seniors unless we can get the image of education to the higher level of respectability and get it more money. That is not going to come very quickly.

We are making at our institution, for example, a conscious effort now to attract people out of the arts and sciences into a post-baccalaureate training model in teacher education, based on the premise that Ms. Graham mentioned here just a moment ago of the extreme importance of a good sound liberal arts on which you build a

good, strong pedagogical preparation program, not unlike what medicine and law have benefited from through the years. That gives you a longer period of time to observe student progress, it gives you a better data base to use in selecting those who truly are academically able, as opposed to making that decision when they are 17 or 18.

As we, I guess, all know, in many institutions, ours included, the attrition rate is very high as they are coming in, both from the standpoint of interest, sometimes financial problems, and sometimes academic limitations. So if we can elevate the preparation program, have a better data base to select people from, and benefit more from a better baccalaureate base than we have in the past, I think that we will be making some progress.

Scholarships, it seems to me, ought to be available for those people who decide as a junior that they want to direct themselves toward teacher education—or as a senior, even if they have been out several years, to come in then and attract those people, with a good solid academic base as a prerequisite.

Ms. GRAHAM. I would agree with the notion that we ought to be thinking imaginatively about how to recruit good people into teaching at all different stages of the game.

But I think I would say that on the particular instance of the Carl Perkins Fellowship, that one way to think about it might to be to say that, if one is going to use grade point averages for high school graduation, one might use also grade point averages for college and, instead of 5 or 10 percent of rank in the high school, one might say in the top 20 percent of the college class that one is then eligible.

Mr. SIMON. The two of you—witnesses to either side of you—suggest that we make it 1 year instead of 2 years on the repayment. Do you have any reaction to that, Dean?

Mr. SAUNDERS. I think we need to find whatever way we can to make the scholarship a delayed one—at least for the next few years—to elevate the compensation so that we will actually get people out of preparation programs into the profession and keep them there.

I think that perhaps the higher the scholarship level and the more quickly they can repay that will be viewed as an incentive and, therefore, will be encouraging for those people to go into it.

I hope I am answering your question on that.

Mr. SIMON. I think you are.

Mr. Coleman.

Mr. COLEMAN. Could you respond to the phenomenon that teachers going into teacher education gravitate toward teaching careers in physical education, music and art, areas where there seem to be a large number of teachers, and not just general preparation for elementary or secondary teaching? Why do you suppose that is?

Mr. SAUNDERS. I think there tend to be more specialized areas. Physical education requires different kinds of interests, different kinds of skills, different kinds of preparation. Many elementary teachers really do not want to deal with physical education, and they do not, according to my observations—there is just generally free-play in many cases.

Communities have been reluctant to fund the specialist at the elementary level, and you see physical education in elementary schools many times in a very subpar status.

It is more of an aptitude, it is more of a psychomotor—music the same way.

I think that is the best I can do with it.

Ms. ROBINSON. I recently net the Alaska Teacher of the Year, who is an elementary PE coordinator. This teacher was explaining his program, and the prospect in this small community would be that he would have these children for 6 years because he is the only PE coordinator in the school district. The program ranges large-ball, small-ball activities, to swimming in a community pool not in the same building with the school, and just a wide variety of activities.

I listened to this teacher explain the program and the activities, and I was enthralled by the kinds of techniques used to manage these large classes with diverse activities, and I was intrigued with the precision with which he was addressing learning objectives and the precision that he used in describing what he was doing with these students. I was saddened a bit because I was concerned that not many people would understand what he was doing. I think that there might be some intuitive appreciation for what he was doing, and probably a good deal of community support based on the kind of equipment that he had available and that sort of thing.

But I wish that more people could understand that and experience that. I wish there were more like him, more people who were willing and who had the kind of support to do that kind of job.

He had a set number of students, all the students in that community, but he was able to describe what he was doing in a way that conveyed the enthusiasm, not just for the learning objectives, but for the recognition and respect for those students and what they could accomplish. It was a very gratifying experience for me.

But I don't think many people understand all that that entails and, therefore, you kind of shrug your shoulders when you think of it.

Mr. COLEMAN. I am all for a strong body, but I think we ought to have strong minds, too. And if we are not somehow attracting people who are going to be teachers, who have made that commitment because of the size of the salary, low prestige, and all of the other things that you mentioned, I would like to attract them into areas that are a little bit more critical perhaps. It seems like we have a number of people going into these, shall we say, nonhard science and mathematic areas, languages, and so forth.

I just wonder, do you think we ought to gear some of these scholarships toward more critical areas instead of funding, let's say—theoretically, we could have 10,000 scholarships going to PE majors and nobody else. Should we break it down? Shall we try to channel this into different directions?

Ms. ROBINSON. I would just respectfully point out that what is going on in the development of very young learners physically is an important foundation in preparation for what will follow in terms of their academic preparation. While I appreciate the concern—and we are all concerned about the need for more academic

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rigor at some point in these students' careers—it is very, very important to have those students prepared——

Mr. COLEMAN. These are also secondary teachers.

I am just concerned that we not just attract bright people in certain segments of education. Perhaps we can—if you want to say this—manipulate people's responses through public policy to attract them into areas of need.

Ms. GRAHAM. I suspect that if the scholarship are given to students who are ranking with very high grade point averages, whether they are high school or whether they are in college, the people who receive those scholarships, by determining them on that basis, will be very different in their academic orientation than is the case with a number of the people who are currently in teacher training programs. As you have been listening to all this testimony, you know that the people who go into elementary and secondary school teaching right now are not people who, as a group, rank high academically.

I suspect that one of the reasons that some of these people go into the fields of physical education, music and art is that those fields are themselves less academic, which is not to denigrate them, but simply to recognize that they call for different sets of skills than calculus or foreign language or science or literary analysis.

Mr. COLEMAN. Very good.

Ms. GRAHAM. Therefore, I think that if the group is selected on the basis of success in schooling, they are likely to be successful in schooling in the academic subjects, not just in these others.

Mr. COLEMAN. Good point, and you were very diplomatic in your response.

Mr. SAUNDERS. I want to add one observation. I think that when you get outside the teacher education population and look at university population in general, you will still those kinds of disparaties that you were talking about. You will find some programs producing many more graduates in what you might call the soft areas as opposed to the hard ones.

Mr. COLEMAN. Right.

Mr. SAUNDERS. That is not unique to teacher education, I suspect.

Mr. COLEMAN. Dr. Robinson, in your testimony you mention teacher professional development centers. I wonder how you would envision these being set up and administered, such mundane things as would teachers be taken out of the classroom for it, would they have a leave of absence, would it be before or after class? Could you elaborate on how you might perceive these things might be set up?

Ms. ROBINSON. I think a teacher's work day should include time for instruction and time for planning and time for professional development and time for community service. So the day would include all of those functions, or the contract or the job includes all of those functions.

But as it is presently organized, the public views teachers as being paid to conduct instruction within the confines of the classroom or the hours the schools are in progress.

If we use the teacher centers as an example of the model or the concept, the time that the programs are available would be

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planned for times the teachers find convenient, after school, on weekends, and so forth. That is not the desired way, that is probably the way it will happen first as the most practical way of providing access.

The teachers would, through some process, select those to represent them. They would conduct needs assessment. They would work with the higher education community and administrators to identify resources that might help address some of those needs. They would organize program opportunities and make those opportunities known to their colleagues.

Further, they could offer—teachers would offer to support the center by offering to devote their talents and their expertise to others, and they would share. They could provide opportunities for issue-seminars, which would be sessions for teachers to come and discuss matters of instructional importance, they could share ideas and learn from one another and learn in an informal way. It would be a place that fosters professional growth in a wide variety of activities. Some of them could be very formal, some of them could be very informal.

Mr. SIMON. If I may take the Chair's prerogative, one of the points you made, Dr. Robinson, was that we do not define "educator." I have just been checking, and you are correct, we do not. It could be school board member, it could be any variety of things.

I would be interested in your putting something together for us to define "educator." All right?

Ms. ROBINSON. Yes.

Mr. SIMON. Mr. Penny.

Mr. PENNY. Thank you, Mr. Chairman.

I am interested in learning more from each of you about the adequacy of current teacher education programs. Why don't we just start with that. Then I want to ask as a follow-up how you feel the credit load per teacher education program should compare to the credit load in other areas.

Ms. GRAHAM. Let me begin by saying I have iconoclastic view on this subject which is not shared by a number of my colleagues who are teacher educators. I should warn you of that in advance.

Mr. PENNY. I found from the testimony in your presentation that it seems to conflict with some testimony in Dr. Saunders' presentation. Maybe it doesn't, but I am just going to give you a chance to explain where you think the mix ought to be.

Ms. GRAHAM. My sense is that the most important thing for a teacher, before that person begins teaching, is to have mastered an academic body of knowledge that is taught at school. Therefore, I believe that that is imperative for a high school teacher who is expected to teach an academic subject, and I would argue—and this is part of my idiosyncrasy—that an elementary school teacher should have mastered—by mastered, I mean having majored in—an academic subject that is taught at the elementary school level, whether that is geology or English or history or some mathematics—not psychology and not education.

The reason that I would argue that as the first issue is that a teacher needs to have had the experience himself or herself of having become truly competent in one academic area. They need to have had that experience of feeling they really got to know one

thing well. That is why I push for that rather than coverage, which is the justification for many programs. Their argument is that the elementary school teacher has to teach everything and, therefore, they have to have a little of this and a little of that and a little of the other.

I think that if they have learned how—if they really become proficient in one subject, they can learn other things as well—maybe a little something else, but I would argue for that kind of proficiency.

Now, I do not subscribe to the notion that just a bright undergraduate can go be a teacher and begin to learn on the job. I don't believe that. I think that—and I would agree with the testimony that has been given earlier this afternoon—over the last 20 years, we have learned an enormous amount from educational research—some of it funded by the Federal Government I am happy to say, the National Institute of Education—about how children learn and how teachers can teach more effectively. We have not yet codified that information that we have gotten from research and incorporated it as thoroughly as we might in teacher education programs, but it is there to do.

I would commend a paper done by David Berliner of the University of Arizona to the Arizona State Legislature to you in talking about how this can be done.

So I would argue that we should have preservice education courses. But my own judgment is that they probably do not need to take up as many credit hours as currently exist in some institutions.

Now I am a very heavy believer in a teacher who has experience teaching coming back and studying in a university setting, or some other kinds of settings as well, because at that time, a teacher knows what he or she doesn't know, and then is in a mood to learn, that most undergraduates are not in a mood to learn. Certainly in my experience—I started teaching in 1955 and have been teaching all but 2 or 3 years since them at one level or another—my experience is that it is the person who has had contact in the classroom day in and day out who, if that person is a good teacher, is desperate to learn how to be more effective. That is the moment when they are the most fun to teach, and not the bright undergraduate who thinks that he or she knows it all. You got to do a little something with them. But the person, when they are really in a position to learn, is when they know what some of the problems are they are facing.

Mr. SAUNDERS. I don't see any substantial disagreement in our presentation on that

A minor point is I don't know how many elementary teachers are going to feel comfortable with a respectable major in, say, geology, when they have to teach music, art and physical education and arithmetic and those things, too. As a grandparent, I might be real pleased with you in teaching to my grandchild, but not like the way you are handling language art.

It is an interesting phenomenon, I think, in this country, in how we view methodology in teacher education—or in any profession. Every profession that I know of has methodology built into it. I guess they are wiser than we, they don't call it that. But it is inherent in every profession.

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If methodology is not taught well in teacher education, it ought to be, and we ought to come down very hard on that. I don't think, frankly, that we have come down hard enough on it. But again, with 1,300 approaches to it, various degrees of commitment, and so forth, you have problems in that area.

It makes a lot of difference, also, at where the student is in what you are trying to do from a methodological standpoint. If we are teaching at the sophomore level dealing with many marginal students, again from the standpoint of commitment to academic achievement up to that point, and you are trying to teach learning theory, it is going to be extremely difficult to make that a highly sophisticated course and to deal with highly sophisticated concepts. Yet, they are there and they could be dealt with.

If you are dealing with that at the graduate level, after the person has been in the classroom for a while, or you are dealing with it in a good sophisticated MAT program—which I like personally—then you can deal with it differently. That methodology, I would submit, would be every bit as sophisticated as the methodology you find in medicine, in law, in business, in engineering, in journalism, in any of the professions.

But we are dealing with different populations many times on that, and I think we tend to overlook that.

Ms. ROBINSON. The NEA sidestepped your question, but we answered another one that we thought was important.

We answered the question of, what is it that the beginning teacher must be able to do well? By answering that question, we went on to describe some standards of a program that would likely equip the person with the knowledge and skill necessary to do these things well. So we listed the skills and the knowledge base that a beginning teacher must have, then we developed program standards. And now we are saying to the institutions of teacher preparation, "You develop the program." Rather than tread on their turf and tell them how many courses and credits you need in human growth and development and that sort of thing, we have identified the learning outcomes, based on what teachers say you need to be able to do when you go into the classroom. These are standards for beginning practice, safe beginning practice.

There are also standards that we believe provide a foundation for continued professional growth. They provide the foundation that will allow one to recognize areas of need and issues upon which you might want to embark on some concerted effort to develop a knowledge base or whatever.

So what we have tried to do is not prescribe to the various institutions the precise program, but we have attempted to develop the program standards that we think are important, the standards that would lead to the knowledge and skills which define the profession.

We also say that the program has to be supported with a comprehensive, continuous assessment procedure that will result in a kind of profile on every student who is going through the program, the profile designed to identify those who are approaching precision with the knowledge and the skill base, those who are not so that they might be counseled to pursue some other options.

So we didn't really answer your question, but we approached it a different way.

Mr. PENNY. It seems to me that, in meeting those standards, we could have a tremendous variance from one campus to another in terms of the number of credit hours they require in order to accomplish those proficiencies.

Ms. ROBINSON. Well, the completion of the program is supposed to enable one or make one eligible for a certificate. That certificate is offered by the State. And we are saying that the State should take a much greater interest in the integrity of that certificate by making sure all the programs meet a set of uniform standards, and we should let students know those programs which fail to meet those standards are programs which will likely not allow them to be eligible for certification.

We are not pleased with the level of vigilance and commitment and concern States have shown for the integrity of the license, and we have offered a proposal to address that as well.

Mr. PENNY. Thank you for your answers.

Mr. SIMON. Mr. Gunderson.

Mr. GUNDERSON. Thank you, Mr. Chairman.

Thank you all for your testimony.

I just have one question that I think has not been totally addressed in the discussions and questioning that followed. That is that title V, as it is written in the bill, really calls for about five different things. It calls for scholarships to students pursuing teaching degrees, scholarships for current teachers, institutes, workshops, professional development resource centers, and institutional assistance to teachers colleges.

I would be interested in your ranking of those different elements in terms of priorities. Are there any of those, in your opinion, that are more important than the others?

It sure is fun to be questioning rather than taking the exam.

Ms. GRAHAM. Speaking for my institution, we need the last ones. Speaking for the field of education, I think the Perkins scholarships are the most important.

Mr. SAUNDERS. I think part E—I will be suspect, I am sure on that one—but I think part E is terribly important. The scholarship program is very important. I would put those at the top. I don't know that I could sort the others in 1, 2, 3. I could eventually, but I don't think I want to on the spur of the moment.

Ms. ROBINSON. You probably won't believe this, but it is not just because our members are practicing teachers, but I really do believe that we need to help those who are in the profession to do a better job. That is a critical need as of this very moment. I think those procedures such as part D and the internships would help us. I see that as a priority.

I also see almost competing right there, nip and tuck, really, is a need to help the institutions, a need to provide incentives and support and recognition to teacher training so that it is enhanced in terms of its capacity, but also in terms of its stature among the higher education entity.

Mr. SAUNDERS. Could I just come back just a moment on that?

Mr. GUNDERSON. Go ahead.

Mr. SAUNDERS. I would put professional development in there in a very high order also.

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I think we tend to overlook the importance of the fact that the beginning teacher is a beginning teacher. While you want that beginning teacher to be absolutely competent, we know that, typically, that is expecting too much. No other profession holds the beginning person as accountable for the hardest part of the job from day 1 as education, which is, I think, one of our shortcomings.

If I might take just a moment to illustrate that. Once when we were having commencement and we were graduating about 85 lawyers that day—and this was back when the young people were dressing in ways that bothered some of the older people—the engineering dean leaned to me and said, "Bob, if you got in serious legal difficulty, would you hire one of these people to defend you?" I thought about that for a bit and I said, "No, not likely. I would look for an experienced person who had learned on the job, irrespective of where their training had been, a person who had established a reputation, someone who had experienced success and failure and who had learned from it."

But what do we do with the beginning teacher? We put that beginning teacher typically in the toughest classroom where the most skillful person would be required, and we hold that person every bit as accountable as we do for the 20-year person who has, through the seniority, been able to get a little choicer assignment perhaps or something like that.

So the professional development, the nurture that a person goes through, the attention given to that importance, is seriously overlooked, I think, in our business.

Mr. GUNDERSON. I agree with both of you in that regard.

I use the analogy of a medical facility not too far from my home where, on the one hand, there is a new young doctor just out of medical school who knows all of the latest state of the art in medicine. There also is a very experienced doctor who has done little or no continuation in terms of studies and update. Of those two, I would take the younger. I think professional development is absolutely key to make experience a worthwhile asset.

Thank you, Mr. Chairman.

Mr. SIMON. We thank you. And we thank the three of you for your testimony.

This concludes our hearing.

[Whereupon, at 3:05 p.m., the subcommittee was adjourned.]

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HEARINGS ON THE REAUTHORIZATION OF THE HIGHER EDUCATION ACT

THURSDAY, MARCH 29, 1984

HOUSE OF REPRESENTATIVES,
COMMITTEE ON EDUCATION AND LABOR,
SUBCOMMITTEE ON POSTSECONDARY EDUCATION,
Washington, DC.

The subcommittee met, pursuant to call, at 9:30 a.m., in room 2261, Rayburn House Office Building, Hon. Paul Simon (chairman of the subcommittee) presiding.

Members present: Representatives Simon and Gunderson.

Staff present: William A. Blakey, staff director; Marsha Wice, legislative assistant; and John Dean, Republican assistant counsel.

Mr. SIMON. The subcommittee hearing will come to order.

I will enter my statement in the record.

[Opening statement of Congressman Simon follows:]

OPENING STATEMENT OF HON. PAUL SIMON, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF ILLINOIS AND CHAIRMAN, SUBCOMMITTEE ON POSTSECONDARY EDUCATION

This morning we are continuing our hearings on the reauthorization of the Higher Education Act of 1965. The focus of today's hearing federal support for graduate education.

Title IX of H.R. 5240 addresses, a number of the needs of graduate education outlined in the report of the National Commission on Student Financial Assistance, "Signs of Trouble and Erosion: A Report of Graduate Education in America."

The report of the Subcommittee chaired by Dr. John Brademas warns that the number of minority and women graduate students is shrinking not growing. The Graduate and Professional Opportunities Program is designed to recruit these talented students into fields in which they are underrepresented. The reauthorization will raise the fellowship award from $4,500 to $9,000, with priority given to students with greatest financial need.

In addition, the bill designates the National Graduate Fellowships as the Jacob Javits Fellowships to honor the former Senator and champion of education. The fellowship will be raised to $9,000, and extended to students in the arts, humanities, social sciences and other areas of National interest.

The CLEO and the Law School Clinical Programs of Title IX will be extended, and the institution support for graduate programs will be raised.

While Title IX is specifically targeted for graduate education, other titles of H.R. 5240 extend aid to graduate students. These include the presumption of self-sufficiency (independence) for graduate students, allowing graduate student eligibility for Pell Grants, and raising loan limits for guaranteed student loans.

The bill also increases support for college and university libraries, a program of great interest to graduate students and faculty.

Today's witnesses are particularly able to comment on my approach in this bill. The first witness is Dr. John Brademas, President of New York University and Chair of the National Commission on Student Financial Assistance Subcommittee that reported signs of trouble and erosion in graduate education.

The panel that follows includes Dr. Craufurd Goodwin, Vice Provost and Dean of the Graduate School of Duke University, Dr. Jaime Rodriguez, Dean of the Gradu-

ate School of the University of California at Irvine; and Dean Helen Cairns of the Graduate School of Queens College of the City University of New York.
I welcome you today, and I look forward to your testimony.

Mr. SIMON. The report, "Signs of Trouble and Erosion, a Report on Graduate Education in America," really outlines where we're headed and why we have to pay more attention to graduate education in the United States, and what we're attempting to do in the Higher Education Reauthorization Act, is to focus more attention in very practical ways on higher education, on graduate education.

And we're pleased to have our witnesses here. I might say that the first witness was scheduled to be John Brademas, the president of New York University, and former member of this subcommittee. But John is—the weather kept him from coming. He was at the airport this morning, I talked to him on the phone this morning, and he extends his regrets, and we will try to work in his testimony later.

We will—our panel consists of Dr. Craufurd Goodwin, the vice provost—do you pronounce it provost?

Mr. GOODWIN. Yes.

Mr. SIMON. OK. At the University of Chicago they pronounce it prah-vust.

Mr. GOODWIN. We accept either one.

Mr. SIMON. Either one. OK. And dean of the graduate school of Duke University. Dr. Jaime Rodriguez, the dean of the graduate school at the University of California at Irvine, where a frequent witness to our hearings here, Jack Pelteson, who is going to become the chancellor, and Dean Helen Cairnes of the graduate school of Queens College of the City University of New York.

We're pleased to have all three of you here and we'll have some wisdom from North Carolina first here.

[Prepared statement of Craufurd Goodwin follows:]

PREPARED STATEMENT OF CRAUFURD D. GOODWIN, DEAN OF THE GRADUATE SCHOOL, DUKE UNIVERSITY

I am delighted to have the opportunity to testify concerning the reauthorization of the Higher Education Act of 1965. I will address principally, but not entirely, issues raised in connection with Title IV and Title IX.

My discipline is economics and I cannot help seeing the questions you have before you through an economist's eyes. I perceive the function of graduate education to be substantially the contruction of human capital, the foundation on which our future economic and cultural growth must rest. The graduates of our master's and doctoral programs this year will become the college teachers of tomorrow, the brains behind our scientific and technical advances, the public servants who will make and administer enlightened public policy, and the custodians of cultural traditions and values. The question must be asked, however, will not the market work satisfactorily without Federal intervention to arrange for the training of a sufficient number of these persons in the right way? Will not the universities supply the right amount of graduate education for those who want to purchase it? I think the answer is clearly "no." Graduate education, if left alone, would not take place at a pace which is best for our society. This is a serious case of what economists call "market failure," calling for public intervention through the kind of programs you have supported under the Higher Education Act. Let me suggest some reasons why.

First, just as today we worry about the reindustrialization and recapitalization of America, and incentives are appropriately provided to encourage this process, so we should worry about the revitalization of the intellectual base on which this growth will occur. The market is slow—too slow—to generate the signals which will attract the young scientists and engineers we will surely need. The contributions which graduate education and research make to our industrial growth and modernization can hardly be exaggerated. I see these contributions and work with them every day

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in the vibrant Research Triangle of North Carolina. There the state and private industry work closely with the graduate schools of the three research universities in the region. But the Federal Government makes essential contributions.

The second reason why the Federal Government should be present in Graduate Education is to help the universities sustain areas of scholarly inquiry which for reasons of fashion do not attract private support yet are of unquestioned social value. Here I include at this point in our history the humanities and the arts, together with parts of the social sciences and some professional areas. If we allow the advanced study of, say, history or philosophy to decline in our culture we will all be impoverished as a result.

Finally, I believe there is an exceptionally strong case to be made for Federal assistance to Graduate Schools for the education of women and minority students, groups in our society which have not traditionally participated fully. Affirmative action is a commitment of most graduate schools, as it is of my own, but programs with teeth cost money, and money is exceptionally hard to find from internal sources today.

Let me now review for you the major challenges that face us in the graduate schools on a daily basis. Two seem to dwarf all others. The first is how to maintain the equipment and other support systems which are absolutely essential for an up-to-date graduate education. The first part of this problem involves scientific "instrumentation." It makes no sense to train a graduate student in science or engineering on incomplete or obsolete equipment; yet in many fields the base price, rate of obsolescence, and cost of maintenance of this equipment are simply impossible for us to cover from our own resources. Some large research grants and generous private donations help to ease the instrumentation problems. But such sources by themselves are unpredictable and can skew the teaching programs in directions which may be undesirable. A major federal commitment to support instrumentation in graduate school of research universities must have, in my view, a very high priority.

The sky-rocketing costs of libraries produce for the humanities and social sciences the equivalent of the instrumentation crisis in the sciences and engineering. Multimillion volume research libraries have long been the glory of the best American graduate schools. Today they are also like an open vein. We find ourselves slipping steadily backward.

Second, we have heartbreaking needs today for additional student aid. At Duke we have approximately 1500 students enrolled in our Graduate School and practically none of them receives support equivalent to what we find to be genuine "need." Very nearly all of them are truly independent from their parents and in consequence they live in varying degrees of poverty or increasing indebtedness. This is the season for greatest anguish and frustration for a graduate dean. During these months of spring we roam around our institutions begging and cajoling our administrative colleagues to cut loose just a little more university hard money, to place a few more advanced graduate students on the undergraduate teaching budget, to allow us a little more access to loan funds, and so on. On the one hand we see our continuing graduate students forced either to withdraw or slow their course because of the lack of funds. On the other hand we see perfectly splendid potential new entrants discouraged from entering graduate school because of fear of financial pressures and the far more attractive opportunities elsewhere.

We see the brilliant applicant to computer science, who with advanced training might help to develop the fifth generation of computers for American industry, drift off into a routine job in business with a bachelor's degree. We see the spectacular young biologist who might help to give this nation the edge in biotechnology take employment in banking or insurance. We see a young person who might help us to understand the nature of international conflict or the breakdown of the world economy become yet another of the burgeoning entrants to law school. Repeated first hand exposure to what I think is such a national misuse of very scarce and precious talent is perhaps the most discouraging feature of my job.

Federal programs of support are without doubt one of the few bright spots in the bleak picture of support for graduate students. Both loan and college work-study funds play very important roles in our capacity to keep our students going. Overall about fifteen percent of our students at Duke are able to continue only because of these funds. Three of our truly excellent programs at the master's level, in health administration, physical therapy, and public policy studies, would be severely jeopardized by disappearance of the loan programs. Upwards of half the students in these programs are dependent upon either NDSL or GSL loans or a combination of the two. In several of our Ph.D. programs a common pattern is for students to be supported in their early years on loans funds and in later years on research grants. Many of our programs use college work study funds to accomplish a variety of criti-

cal teaching and research tasks while supporting their graduate students at the same time.

In order to give you some first-hand feeling for just how important the federal funds can be to individual students I picked out virtually at random the records of two students who have made excellent use of these funds. The first is a female completing a Ph.D. in Forestry and Environmental Studies. She decided to come to our high-cost private university because of the unique program we have in this field. She is now completing a doctoral dissertation on how pine trees can be made to grow in wetland areas. She had already accumulated over six thousand dollars in NDSL and GSL loan obligations as an undergraduate. After paying tuition she receives $67 per month net from the stipend the university is able to award her. In consequence loans are essential and she has accumulated over $8000 additional NDSL loan obligations during her graduate years. She will graduate and take her first job in teaching, research, government, or the forest industry with a loan obligation of more than $15,000.

The second student is a minority female in our truly outstanding graduate program in religion. Like most scholars of religion she has had a long road to travel through undergraduate college, seminary, and the Ph.D. program. She will emerge with a superb capacity to enable us to understand our religious heritage, but also a combined debt of approximately $40,000.

I regard both these dedicated students as bound on a course which will yield benefits to our society far in excess of the cost to society of their training. I am also virtually certain that they could not have accomplished their goals without the loan programs authorized under the Higher Education Act of 1965. Accordingly, I consider the reauthorization of the Act to be absolutely essential to the national interest.

I would like finally to offer a few comments about particular features of the proposed reauthorization. I have already implied my strong support for Title II and I have reported how much we depend now on NDSL, GSL, and College Work-Study authorized under Title IV. I would welcome an increase in the loan limits for graduate study and an increase in the availability of workstudy funds for graduate students. I support the proposed statutory definition of independent student which comes far closer to reality than does the present definition. I also favor the provision for loan consolidation and flexible loan repayment. Although I was not asked specifically to address myself to Title VI I have spent much of my career concerned with international education and I would have to endorse enthusiastically the far-sighted program contained therein. I have recently completed a study for the Institute of International Education on the value of study abroad and I am more persuaded than ever of the immense value of exchange programs at both student and faculty levels. The federal support for foreign language and international students is essential for the maintenance of our national competence in this area. Title VIII strikes me as providing an excellent program of infrastructure support which would help us to respond to some of the problems I have mentioned above.

In Title IX I would have to give top priority to Title C which is the best device I can think of to attract back to graduate schools the absolutely first-rate talent which the nation needs and deserves. Title B is a good program which I would like to see continued. Title A is an imaginative scheme which should be given a period of trial.

Finally let me offer my enthusiastic support for FIPSE, authorized under Title X. This fund has provided us at Duke with seed money for probably the most innovative program in our graduate school over the last decade, a broadly-based masters of liberal arts degree aimed at the exceptional population of adult professionals in the Research Triangle area.

It is hard for me to think of a piece of legislation whose reauthorization is more important for the national welfare than the Higher Education Act and I am most grateful for the opportunity to offer my comments upon it.

STATEMENT OF CRAUFURD GOODWIN, VICE PROVOST AND DEAN OF THE GRADUATE SCHOOL, DUKE UNIVERSITY

Mr. GOODWIN. Thank you very much.

Mr. SIMON. Yes, let me just add, yes, however you want to approach this. We will enter your full statements in the record. If you want to summarize them or expand or however you wish to approach it.

Mr. GOODWIN. Thank you very much, Mr. Chairman.

First let me say how pleased I am to be here. It's a great privilege to be able to testify in this important reauthorization.

I think it may be most useful for me simply to supplement my prepared statements rather than to read segments of them, or even to summarize. In fact, I thought it might be most interesting for you to hear some impressions from the trenches, so to speak, reactions of a graduate dean at this particular season in our school year, to give you some sense of what it's like out there and the impact that the Federal legislation has upon it, and I've picked out a number of impressions that have come to me over the last several weeks.

The first is with respect to undergraduate. Most of us who teach graduate students also teach undergraduate, and that's certainly the case with me. I'm very struck at this season to be writing references and to be discussing with our very best undergraduates their entry to law school, to business school, and to employment, directly after their bachelor's degree.

This is in very sharp contrast to the situation I can remember 15 years ago, when the top students in my own discipline, which is economics, would typically be talking about graduate school. We, sadly, seldom see that these days. And I think that's one important impression I bring away.

A second impression comes from serving on the fellowship committee at my university, where we looked at the very best applicants who come to us and apply for our top fellowships, which I think will be the equivalent of the fellowships you envisage under title IX in terms of prestige and importance.

We have about 15 of those to bestow each year, through the endowment we have for that purpose. We have 37 graduate programs and we have, I would say, something like 150 absolutely first-class applicants in those various fields, and it's truly a heartbreaking experience to have to go through those 150 applicants and try to identify 15 who should be picked out.

Now, I don't know what happened to the other 135, but I suspect that a substantial proportion drift off into other occupations. And again, it's a sad situation.

My third impression is with respect to our continuing graduate students, those who are working on their degrees and approaching completion. This is the time of year when we're trying to piece out their survival through another year, and we have to do this with the greatest cunning and cleverness. We put them on undergraduate teaching budgets. We find scraps of money here and there. We allow them, frequently, to reduce their course load so that they can take employment. In some cases we see them drop out.

So, it's a sad situation and a time of great anguish for us, to try to work with these students.

The next impression I bring away is of some of our programs which have a long history and a distinguished history, which are now striving to maintain some sort of critical mass of graduate study. I speak of departments like our language department, classics, philosophy, which have such small groups of graduate students that it's very difficult for them to keep alive a vigorous program. And I think this is another subject of real concern for us.

The next impression is with respect to the sciences mainly where I see almost daily a time of great struggle to maintain instrumentation. We see frustration from our scientists, both in their teaching and in their research in operating at the frontier of their discipline. They come to me regularly, looking for university funds, somehow to buy that extra piece of equipment, to match funds that are provided by industry, in some way to catch up. And the sense that many of them have is that they are falling steadily behind.

Finally, I would point out the last impression and that is the difficulty we have in pursuing our affirmative action goals, and that is to increase the number of women and minorities in our programs, with the funds that we have available. At Duke we have five fellowships reserved particularly for minorities, and we try our very best to find funds elsewhere for them.

But with the pressures for teaching assistants, for particular participation in research programs, we have very little loose money that we can direct to this purpose, and the concern is very real and we feel that we aren't making anything like the press we should in that direction.

Now, the place of the Federal programs in this is what I'd like to just very briefly mention. I think that some of the few bright spots that we see on our horizon come from the Federal programs that are available to us. First of all, the loans. About 15 percent of our students are genuinely dependent on NDSL's and GSL's and I think that if anything were to happen to those programs, at least that proportion of our students would disappear.

Our college work-study is another extremely useful program for us. It enables us to keep many of the students going at a higher level of activity than would occur otherwise.

The few remaining training grants we have, mainly in the medically related biological sciences, permit us to attract absolutely first-rate students. But, unfortunately, they are small in number and declining.

And finally, I would mention FIPSE, which has helped us in our particular case with innovation in the graduate school, and at this time, when we're so short of funds for support of graduate students, to have a little loose money for innovation is remarkably valuable. I think the most interesting innovative program we have had in the last decade or so has been assisted with a FIPSE grant which we received 2 years ago, for a new degree program.

So, maybe I can just then summarize what I think we need in the years ahead. First of all, I think we need the means to attract the very best graduate students to graduate schools, in relatively modest numbers, and I think the proposal in title IX is absolutely first rate on that point. I think we need, second, the means to support the population of graduate students who are, perhaps, not of that preeminent quality, and I think that the loan programs and college work-study do that particularly well.

Third, I think the instrumentation and library problem is really critical for us, and I applaud your attention to that in the reauthorization. And then, finally, I want again to mention this opportunity that's presented through innovation. Whether FIPSE is the only mechanism, I wouldn't like to say.

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But I think that this is a time when we can be creative and imaginative in graduate education, and I think that if any means can be afforded to help us with that, that's very worthwhile. I refer particularly to the opportunity for new degrees, which can appeal to a changing population of older Americans, for example. That, in particular, is what FIPSE enabled us to do, to be very creative in that direction.

Cooperative degrees with professional schools, we have attempted that for the first time, over the last several years, to tap into the student body that's going into the professional schools and kind of wean them away, indirectly.

And finally, cooperative activities with industry and other parts of the private sector. I think that if we have the means to experiment in that direction, there are opportunities that we can pursue.

Thank you very much.

Mr. SIMON. Great. Thank you for your testimony.

Dr. Rodriguez.

[Prepared statement of Dr. Jaime Rodriguez follows:]

PREPARED STATEMENT OF PROF. JAIME E. RODRIGUEZ, DEAN OF GRADUATE STUDIES AND RESEARCH, UNIVERSITY OF CALIFORNIA, IRVINE

My name is Jaime E. Rodriguez, and I am both Dean of Graduate Studies and Research and Professor of History at the University of California, Irvine. The University of California is a nine-campus system which enrolls over 130,000 students and is recognized internationally as the largest university in the world and a leading institution in the areas of graduate education and research. As you are aware, federal assistance is a vital and integral part of the nation's graduate and professional educational system, particularly in the area of doctoral preparation, the area upon which I intend to focus my comments.

The Irvine campus of the University of California is located 45 miles south of Los Angeles in the city of Irvine. Total enrollment is approximately 10,500 students, which includes 8,500 undergraduates, 500 medical students, and approximately 1,500 graduate students. My responsibilities include the oversight and administration of over 36 graduate programs which span the range of traditional disciplines as well as innovative multidisciplinary programs. I am also responsible for the administration of the campus' research functions. UCI conducts approximately $26 million of research each year and as of the 1980 National Science Foundation survey, ranked 67th among major research universities. Graduate education and research are closely linked and interdependent, and therefore have been combined in the Division of Graduate Studies and Research. My responsibilities as Dean of Graduate Studies and Research at Irvine provide me with the perspective necessary to evaluate potential impacts of student support decisions at both the state and federal levels.

The importance to the nation's health and welfare of graduate education, in all fields and specifically doctoral preparation cannot be overstated. Graduate research education provides the training required for future generations of scholars, scientists, and professionals, and is the principal source of new scientific, technical, and cultural knowledge. There is a misperception on the part of some legislators and agencies at both the state and federal level that the university is producing more scholars and researchers than society demands. The vast majority of graduate students are in fields of high demand by employers. The University of California has shown considerable flexibility in meeting the changing needs of the state and nation: graduate enrollment figures for the last decade show that changing demands have been met, and continue to be met, by responsive shifts in enrollment from some disciplines to others, rather than new resource demands. The state and nation have been well-served as a result of their support of graduate education. Direct benefits stemming from graduate education in the natural sciences, agriculture, engineering, social sciences, the arts, and the humanities are widely recognized.

It is important for the Commission to understand the nature of graduate education at the doctoral level and to distiniguish it from Master's programs and professional education. Doctoral research training requires sustained effort over an extended period of time, and must be approached intensively if the student is to succeed. While Master's programs admit part-time students, doctoral study by nature is

full-time study with an integral research orientation. Research-oriented professional programs, such as engineering and computer science, train Ph.D.s and possess the same goal and orientation as other doctoral programs.

It is also important to comment at the outset on the current climate of support of graduate education. While the statements which follow are specific to the University of California, they more than likely apply to research universities nationwide, both private and public. The climate of support for graduate education can be characterized by diminishing federal direct support, federal cutbacks in research which fund a good number of research assistantships and training grants, diminishing support for graduate education by the California state legislature, and intense competition for the best students resulting from a limited pool of applicants. Competition for qualified students interested in pursuing graduate work is particularly acute with regard to minority applicants. To some degree, the shortage of potential students is a result of the lack of emphasis on graduate education within our society. Increasingly, however, individuals cite high cost and a difficult job market as major reasons for not continuing their education. It is alarming that many of the very best students do not pursue a Ph.D. because of high costs or lack of sufficient support. To the extent that this occurs, the individual loses, and society, as well, because our brightest citizens are not reaching their full potential.

The federal government plays a key role in the interlocking structure of graduate student support in that resources can be applied in meaningful amounts to those areas which need them most and for which substitutes are not readily available. This applies to public as well as private institutions in that most public institutions like the University of California are state assisted, not state supported. Less than half of the University of California's budget comes from state general funds. The federal government, through support of research and various education programs, plays a major role in non-state support. Without federal support, significant programs would crumble. Since the Commission's topic is student financial assistance, it should be emphasized that students at the University of California also contribute a substantial amount to the costs of their education.

I am pleased to see that the federal government is concerned about the implications of its actions in student financial support and that it has created this Commission to carry out fact-finding activities. With the above points in mind, I would like to address the range of questions posed by the Commission and the implications of any significant changes in graduate student support by the federal government.

1. What is the condition of graduate education in your system/institution? How would you assess the health of the various disciplines?

Generally, at the University of California, Irvine and throughout the system as a whole, the quality of graduate programs has been maintained. This is borne out by the series of recent reports published by the Conference Board of Associated Research Councils, which assessed research doctoral programs across the United States. UCI is particularly healthy in its areas of specialization. There is solid applicant demand for UCI's graduate programs and for graduates of those programs. To sustain quality requires continued support, however, and it has become clear that in the University of California and in other research universities we are reaching the crisis point. Further cuts in support are certain to adversely affect the quality, breadth, and depth of our university graduate education programs.

2. Has the quality of graduate education in your system/institution suffered in recent years in terms of the type and number of students being attracted and the programs being offered? If so, what have been the causes? Have certain fields been affected more than others, e.g., the social sciences and humanities?

The quality of graduate education within the University of California has been maintained to date but it is increasingly more difficult to attract outstanding students. I believe this situation exists because fewer individuals are deciding to enter graduate school and there is intense competition for those qualified students who do decide to avail themselves of the opportunities for a graduate education. Although the shortage of excellent graduate students is a general problem, it is particularly acute in the case of minorities. The student's decision on where to attend graduate school is often dependent on the package of financial assistance available. There is evidence that some of the very best students are not entering graduate schools because of the high cost. This is widely evident in all fields but is particularly acute in the humanities and the social sciences. In response to the crisis in the humanities, the Mellon Foundation has just established the National Fellowships in the Humanities, on whose selection committee I serve. In some fields such as engineering and computer science an inverse set of problems exist in that rewards are so significant and immediate that few students pursue graduate studies beyond the Bachelor's and Master's degrees. As a result, in order to maintain quality graduate programs and

research excellence, universities have turned to higher enrollments of foreign students. It is important to underscore the fact that this problem is not one of increasing foreign enrollments but one of decreasing numbers of U.S. students who want to attend graduate school. The net loss to the United States in advances in science, technology, innovation, and scholarship attributable to its own citizens is reason for serious concern.

Finally, it is important to point out at this juncture that the current level of state support and the quality of graduate programs in the University of California has been sustained because other parts of the system have borne the cost of maintaining graduate programs by various cutbacks. For example, faculty and staff have foregone cost of living increases in recent years. While this shows commitment to graduate education on the part of the institution, these are conditions which clearly cannot continue to exist.

3. Has the pattern of support for graduate students shifted in recent years in your system/institution? What have been the effects on the size and quality of your programs?

The pattern we have noticed within the University of California is that students are receiving less grant, fellowship, and work study support and are relying more on loans. This loan aid is becoming more expensive to the student as interest rates increase and payback periods and forgiveness clauses decrease. The result is that those students who persevere and attend graduate schools are accepting greater amounts of indebtedness which they will find difficult to repay. The implication of this situation for the future is that graduate education will continue to diminish in attractiveness. The damage to the size and quality of our programs has not yet been too great because the University has placed high priority on graduate programs and sustained them through various subsidies. We are approaching some very difficult times, however, if incentives including creative federal graduate student support programs, are not restored.

I have two comments about specific federally-supported loan programs. One alternative proposed for graduate and professional student financial aid is the ALAS program, requiring the repayment of interest on student loans by the student during the in-school period. Graduate students have, as a group, even more limited resources and greater financial needs than undergraduates. It is unreasonable to expect a graduate student, who qualifies for loan aid on the basis of financial need, to make high interest payments while in school. I do, however, support the new Options program, another proposal which is not only creative in its utilization of available loan resources, but also practical. By supporting the consolidation of a student's outstanding loans, Options offers appropriate means for the management of individual student indebtedness, and enhances the availability of loan funds for other students and programs.

4. What do you consider to be the appropriate federal role in financing graduate education? Are alternative sources, e.g., state and corporate sources able to take up the slack of reduced federal funding?

The federal government plays a key role in supporting all graduate programs, since the education of scientists, scholars, and professionals and the new technical and cultural knowledge that graduate research provides are vital to the national interest. The nature and recognized benefits of graduate education are national in scope, and require broad-based national commitments which attend to the health and well-being of the entire country. While California legislators are generally concerned with the quality of graduate education, they have taken the view that benefits specific to the state must be clear to win their full support.

All major research universities, whether public or private, are dependent on the federal government. When considering federal support for public institutions such as the University of California, it is important to re-emphasize that these institutions are state *assisted* and not state *supported*. At this time, the state of California is seriously considering reducing support for graduate education and the private sector has not demonstrated a willingness to take up the slack in either state or federal funding, even in areas such as engineering and computer science where clear and direct benefits obtain.

5. Are certain types of federal support, e.g., fellowships, research assistantships, loans, more appropriate for some fields and types of study than others (e.g., arts and sciences compared to professional schools, sciences compared to humanities, master's compared to Ph.D. students)?

With respect to Ph.D. programs in all fields at research universities, federal support should be granted as research assistantships, fellowships, and loans, in that order. Research assistantships, whether in the humanities or the sciences, are the most desirable because they lead the student toward involvement in the research

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that is the substance of graduate education. Such federal agencies as the National Institutes of Health and National Science Foundation have made considerable funding available for research assistants through their ongoing research support programs. Similar structures and support mechanisms need to be created in such agencies as the National Endowment for the Humanities and the National Endowment for the Arts. These institutions should begin to focus their attention more on support to graduate education rather than public performing arts and exhibitions which are areas that have recently enjoyed increased support from the private sector. Again, I emphasize the necessary orientation of graduate education to full-time study, and the difficulty of self-support in unrelated work. It is important to point out that research assistantships are not only integral to the educational process, but also may be considered self-support of the most positive kind. Research assistantships provide essential overlap of work and study and should be supported by the federal government in one way or another in all fields. Fellowships are also an important and useful source of graduate student financial assistance, but they do not provide the educational and self-help benefits of research assistantships. Since the financial rewards in many fields are not great, loans, particularly if utilized as a significant component of student financial aid, often function as a disincentive to seeking graduate training.

6. To what extent should students be responsible for financing their graduate education? What part should loans play in this financing? Has the growth in graduate student indebtedness caused your institution/system problems in terms of attracting and keeping able graduate students?

As noted above, doctoral study requires full-time attention. Unlike the majority of undergraduate students, most graduate students are independent adults and responsible for their own support. Graduate students are already living at or below the poverty level and many have loan indebtedness related to their undergraduate education. Loans should play a minor role in their support and when given, they should be low interest with long payback periods. For those fields which meet certain national interests, loan agreements should have forgiveness clauses to encourage students to enter research and scholarship fields which are important to the nation's breadth and depth of science, scholarship, and other intellectual pursuits. The present loan situation is having deleterious effects on the accessibility of graduate education to many segments of our society. To the extent that minorities make up a larger proportion of the group most dependent on financial aid, small changes in the conditions of financial aid, access and cost will have disproportionately large impact on minority graduate students. Small changes at the margin, therefore, should be carefully evaluated given this differential impact.

7. What programs or efforts have your system/institution found most effective in the recruitment and training of minority and female graduate students? What role should the federal government play in this effort?

This is a difficult problem and one which the University of California has wrestled with for a number of years. Much attention has been given to minority student recruitment but less attention has been given to minority student retention and success, particularly at the doctoral level. More money and more support programs will not solve the problem. Mechanisms are needed which build the minority student into the academic mainstream and ensure thorough and intimate involvement with research. It is this grounding in research, writing, analysis, and scientific inquiry that will give minority graduate students the opportunity not only to find a job upon graduation but to aspire along with their non-minority counterparts to important positions as scientists, scholars, and educators.

At the University of California, Irvine, we are conducting an experimental, three-year pilot program designed to address this central concern of minority retention and success at the graduate level. The project is called "A Faculty Mentor Program for Minority Graduate Students" and is being supported by a grant from the Fund for the Improvement of Post-Secondary Education. During each year of the project, minority student mentees in their second year of Ph.D. preparation are paired with faculty mentors based on their mutual research interests. The mentee's Research Assistant salary is paid by the project for the first year and it is expected that the student will develop essential writing and analysis skills as well as a better understanding of the academic milieu. A desired short-term outcome of this collaborative relationship is a high quality research paper potentially acceptable to a scholarly journal. In addition, it is hoped that the student will continue as a research assistant on the mentor's funded research projects and maintain close productive involvement with research activities over his or her entire educational career.

While fellowship support is an important part of minority graduate student support programs, it must be balanced with and augmented by research assistantship

support. If this is not done, the fellowship support may become a disincentive to the involvement of minority students in the research which is essential to their long-term success. As noted above, the support of research assistantships is the best mechanism the federal government can use in aiding all graduate students with the financing of their educations. This is even more important with regard to minority students because without encouragement and incentive, more minority students will not avail themselves of the essential experience of research involvement. Finally, to the extent that such programs reduce the feeling of alienation on the part of minority students, those students who are successfully recruited will have a greater likelihood of being retained and graduating. To facilitate the process of minority student involvement in research, I suggest that the amount of federal support for research assistants be increased in all fields and that the regulations pertaining at use of fellowship funds be revised to allow the redirection of a portion of these funds to Faculty Mentor Research Assistantship programs whenever practical. Programs modeled after the UC Irvine pilot program, I believe, will meet the goals for which the fellowships were established and can raise both the quality of the education provided and the level of success achieved throughout the graduate's career.

Mr. Chairman, I would like to thank you for the opportunity to testify before the Commission. I would be pleased to respond to any questions.

STATEMENT OF JAIME RODRIGUEZ, DEAN, THE GRADUATE SCHOOL, UNIVERSITY OF CALIFORNIA AT IRVINE

Dr. RODRIGUEZ. Thank you very much.

It's a pleasure for me to testify before this subcommittee. I have been very much concerned about the problems of graduate education and research for some time and I would like to echo some of the things that have been said before.

Particularly, I would like to echo the importance of innovative programs such as FIPSE. I, too, have obtained a grant to develop a program for minority students, and this has helped us tremendously at Irvine.

Today I'd like to talk about my experiences, both as a scholar of Latin American history, and my experiences as dean of graduate studies and research at Irvine. I am interested in many areas, but I would like to emphasize three. Title III institutional aid, title VI, international education, and title IX, graduate programs.

Before going into the details, let me emphasize that I think it's extremely important to support graduate education and research at all levels, particularly in the sciences. But today I would like to emphasize the disparity that exists between support of graduate education and of research between the so-called hard sciences and the social sciences and the humanities.

So, I would like to speak, first, about title IX, and to applaud the decision to propose a national graduate fellows program. If one compares the support the sciences have for graduate education, it's startling to see how well they are supported.

Now, I say this realizing that science too needs tremendous support. But in contrast to the support that exists for the humanities and the social sciences, science support is munificent. In the area of humanities and social sciences, graduate students really are becoming second-class students. Typically, in the area of sciences and biological sciences and medical sciences and physical sciences and engineering, a student can expect to receive fellowship support, research assistanceship support, and oftentimes dissertation research support. A student is part of the research enterprise of that area, so that typically the students that—at least the leading doctoral research universities—may expect more or less full support in the

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area of the sciences. This is very different than in the humanities and in social sciences.

Typically, the humanities and social sciences have only the support that is available from their own institution and also support at the level of teaching assistanceships. Now, this is extremely important because most of our graduate institutions rely on graduate students, both for research support, as research assistants, and also for teaching support as teaching assistants.

But teaching does not provide the same sort of critical support for graduate education that research assistanceship does. In the areas where there are research assistanceships, those students are directly related with the research enterprise. They're moving directly into their doctoral research. They're, in fact, moving to become professionals.

In the other areas, after a year or 3 years of teaching assistanceships, those students have learned, more or less what they can learn as teaching assistants. Thereafter, they're providing relatively low-paid labor for our graduate programs. And this means that their own graduate study suffers. It means that in the areas of humanities and social sciences it is typical for students to spend 6 to 10 years in graduate study, as opposed to 4 to 5 years that's typical in the sciences, so that not only are students taking much longer; they're incurring considerable debt, and really, in some ways, they're receiving a second-class education, because they're having to spend so much of their time simply supporting themselves.

In addition to that, the support that is available for graduate students in the sciences, typically, is $2,000 to $3,000 higher than the support that is available for graduate students in the humanities and social sciences.

I refer, for example, to GPOP fellowship support for minority students, comparing the training grants that are available from such institutions at the National Institutes of Health, and NSF and other areas.

Again, in the area of humanities and social sciences, one finds that training grants, which are not uncommon in the sciences, are nonexistent. So that when graduate deans or graduate programs seek to find support both for research and for graduate training, in the areas of the humanities and social sciences, we find that this is not to be found.

And typically, the definition of what is supported varies widely. For example, the National Science Foundation, and I spent yesterday talking with the National Science Foundation, supports the area of economics. But it supports only some aspects of economics. It does not support other critical aspects such as economic history or the study of certain aspects of economic policy.

I personally, in my own scholarly interests, am concerned with the recent events in Mexico and am developing a research program in that area. But it's difficult to find support from the National Science Foundation, which supports economics, or from the National Endowment of Humanities, which would support history, because the support of the two are so different.

So that I think it's important not only to support graduate education in the areas of humanities and social sciences, but also in some meaningful way to provide the kind of support that is compa-

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rable to those in the area of sciences, because we have excellent students, but students are beginning not to consider these areas, simply because not only is it more costly, not only are they second-class citizens, but they're being told that there is no room for them, later, when they complete their degrees.

I am particularly concerned because I'm also a member of the Committee for the Mellon Foundation on Humanities. And I'm struck by the high quality students who really do want to study the humanities, and are finding it very difficult to do so.

The second area that I'd like to talk about briefly is the area of international education in title VI. International education and research typically comes in the form of grants to the national resource centers and to the foreign language area study fellowship programs. Both of these programs should be expanded, if the United States is to maintain adequate knowledge of the world. And as the Brademas report indicates, there is a tremendous lack of knowledge in many areas of the world, not only in areas that are little known, but even in the areas that are supposedly well known.

I speak, for example, of the fact that we have a shortage of specialists on the Soviet Union, a shortage of specialists in such areas as Latin America, where I have expertise.

Part of the problem is not simply that there is little support for international programs, but also that many of these international programs are linked with special restrictions. For example, right now priority in area programs is given to those programs which have linkages between language and area studies and professional schools. This means that the area of study centers across the country, whether they be Latin American study centers, whether they be Asian study centers, are being encouraged not to train professionals in the different disciplines, but really to train people who are going to become professionals in business and other areas, where there is already adequate support, or where support can be found in the public sector.

So that when a crisis occurs in some part of the world, we find that we lack specialists in economics and history and sociology of these countries.

In addition to distorting the academic purposes of the area study centers, these restrictions also have another effect, which is that they emphasize little-known languages. In my area, Latin America, for example, the emphasis is on developing expertise in little-known Latin American Indian languages, such as Nowat in Mexico and Kechua in Spanish. Now, these languages are important. But it's not important for large numbers of people to specialize. The critical language in the area is Spanish, or the second critical area is Portuguese, and yet because of restrictions in these programs it is very difficult to obtain support for them.

But most importantly, these programs are really very inadequately funded. For example, I stopped by to visit Mr. Joe Belmonte, who's in charge of the area programs and he, unfortunately, had a difficult time talking to me, because he lacked a secretary. There is very little support of his office. He almost has difficulty reading proposals. That's not to say that he's not extremely upportive. It's just that there's a limit that a person can—to the amount of work that a person can do.

In my opinion, the support of international programs is critical and I think that for reasons that are totally unclear to me, we seem to be abandoning international programs and we waiver greatly in their support.

If international programs are developed in institutions, institutions have to expect some consistency in the support. It's unreasonable to expect that an institution will invest resources in the form of faculty positions, in the form of space and equipment, and then suddenly the next year be told they will not be funded. This, for example, just recently happened because of cutbacks in international programs so that in the area of Latin American studies a joint program between Yale University and the University of Connecticut ceased to be funded.

In the United States there are no federally funded area studies programs in New England, for example. That seems to be totally unreasonable.

Related to this question is the title III, part A, the strengthening of institutions program, which will provide grants to eligibile institutions. This aid has, in the past, been used to support historically black institutions. It's encouraging to me to see that the revised act provides a $10 million set-aside for Hispanic institutions.

I believe that support of historic black institutions must be continued. But it's also important to support institutions where Hispanics are to be found. It is sad, but nonetheless beneficial, that as a result of the social conditions of the past, a series of black endowed black colleges and universities developed. These institutions have supported the black community, have provided trained professionals and scholars. No such institutions exist for the Hispanic community, at least in the mainland of the United States.

The Hispanic community is very underrepresented in higher education. Less than 3 percent of graduate enrollments are to be found amongst Hispanics, and less than 1.5 percent of Ph.D.'s awarded go to Hispanics. In fact, there are almost as many Ph.D.'s awarded to foreign Hispanics as there are to American Hispanics. This is important to emphasize. Support for American citizens of Hispanic ancestry must be increased, and it is misleading to confuse Spanish Americans, who have grown up in Spanish America, who have been educated in Spanish America, with our American Hispanic community.

It is striking to see how little the American Hispanics are to be found in higher education. There are only two Hispanic graduate deans in the whole country, for example. I am one of them and wherever I go people know of me because I am one of the onlies.

But even more striking is how little we're doing now. The University of California, on its nine campuses, which is one of the largest doctrinal institutions in the world, graduates thousands of masters and doctoral students every year. In 1982, according to the figures that I have, 19 Hispanic graduate students received Ph.D.'s in all of the programs of the University of California. This is not a great advance.

So that this set-aside is extremely important, in my view.

In addition to that, however, I'd like to express concern about how this set-aside is being allocated. I'm concerned that only a limited number of institutions have been chosen for this set-aside,

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mostly in Puerto Rico and a few mainland institutions. What this means is that the large Hispanic population in the Southwest and the West and in other parts of the country may not have support of these areas.

In my view, the closest Hispanic analogs to the historical black college system are the area studies programs, including Chicago studies, Puerto Rican studies, Cuban studies, Mexican studies, and Latin American studies. These are programs which have developed in the last few decades and which provide the American Hispanic community with strong support. It would seem to me that these programs are appropriate beneficiaries of the set-aside and should be considered in them.

In summary, I would like to emphasize that in all of student support legislation under consideration, graduate study and research should be supported as fully as possible. It is clear that graduate students are shouldering education costs entirely out of proportion to the expected lifetime earnings. In addition, the limited support they are receiving is not tailored to the different stages of doctrinal study. Support for graduate students is not only support for a nation's research capability but critical to the Nation's future, since graduate students of today become the researchers and scholars of tomorrow.

Thank you, Mr. Chairman.

Mr. SIMON. We thank you very much.

And do you pronounce it Cairns or Carns?

Ms. CAIRNS. Cairns.

Mr. SIMON. Cairns. Dean Cairns.

[Prepared statement of Helen S. Cairns follows:]

PREPARED STATEMENT OF HELEN S. CAIRNS, DEAN OF GRADUATE STUDIES AND RESEARCH, QUEENS COLLEGE OF THE CITY UNIVERSITY OF NEW YORK

I am Helen Cairns, Dean of Graduate Studies and Research at Queens College of the City University of New York, and I am delighted to be invited by Congressman Simon to speak to this subcommittee in support of the incorporation of the following proposals into the legislation reauthorizing the Higher Education Act:

1. There is a need for increased financial aid for graduate students. The extension of the Pell Grant Program to first-year graduate students would help meet this need.

2. A set-aside of College Work Study funds for the use of graduate students would provide further assistance.

3. The Cooperative Education program is of great potential benefit to graduate students, especially those in master's-level programs, and I would support the extension of such programs to make them more widely available to graduate students.

I will speak in favor of these three proposals from my particular experience at Queens College, but I feel confident that the positions which I articulate are shared by my colleagues at all CUNY colleges offering graduate programs.

A brief description of Queens College and its students. Queens College is one of the "four old senior colleges" of the City University System, which now includes 19 institutions. The college is the recipient of a Title III strengthening award for developing institutions, and about a third of our undergraduate students receive Pell awards. This Spring we have 15,934 students, of which 2,762 are graduate students enrolled in master's-level study, 2,023 of whom are matriculated in 49 programs leading to various master's degrees and advanced certificates. Only about 10 percent (250) of our graduate students attend full-time, the remainder being part-time students. Our students are far from affluent. A recent survey indicated that 75 percent work more than 20 hours per week (including 45 percent with full-time jobs). The same survey revealed that low tuition is one of the primary reasons for choosing Queens for 40 percent of the respondents, and professional and financial advancement is the primary reason for the pursuit of graduate study for 92 percent. Tuition

and fees for New York State residents are just under $1,000 per semester (or $81 per credit hour).

Queens has a number of high-quality, well-subscribed professional programs which offer a "terminal" master's degree. By this we mean that a program is self-contained dealing with an autonomous set of skills or domain of knowledge which is professionally useful to those students who do not plan to seek a higher degree. Among our strongest programs are our M.F.A. in painting and sculpture, our offerings in the Aaron Copland School of Music, programs to train speech-language pathologists and audiologists, and a host of excellent programs in our School of Education and in computer and information sciences (one of our largest and faster-growing programs). A new FIPSE-funded project to train teachers of literacy and ESL is a great success, and Queens has the only public Library School in the metropolitan area. The CUNY Law School at Queens College is in its first year and has as its emphasis public service law. We participate in doctoral education through a consortial arrangement with the CUNY Graduate Center. About a third of our faculty are active in doctoral programs, and many doctoral students work at Queens as teaching assistants and in research labs (the Graduate Center has no laboratory facilities). Doctoral programs are, however, administratively housed at the Graduate Center in Manhattan, and doctoral students register and receive financial aid through the Graduate Center.

The image of Queens that I would like to leave you with is that of a major urban commuter college providing high-quality, low cost professional education to upwardly-mobile people from lower middle or working class backgrounds. Some will go on to doctoral programs, but a substantial majority will either move from their present jobs to higher-level positions or will move up in their present organizations. A major problem for this population is that in the absence of adequate financial aid programs they must work to finance their graduate educations. This means that they must be part-time students and extend the time it takes to earn a degree. Obviously, this significantly reduces their life-time earning level as well as the period of time which both they and the society can benefit from the fruits of their education.

Financial aid programs available to graduate students at Queens. We offer only about one hundred scholarships and assistantships awarded through individual departments. Our available financial aid programs, in addition to the guaranteed student loan program, are the following:

1. The Tuition Assistance Program (TAP): This is a state program available only to full-time students, based on income from the previous year. The maximum award is $600 per year.
2. The National Direct Student Loan (NDSL) program
3. College Work-Study Program (CWSP)
4. Partial tuition waiver: This is a fund provided by the CUNY Central administration to provide need-based partial tuition waivers. This year Queens received $83,000 in tuition waiver funds for graduate students. The fund provides a $50–$500 tuition waiver per semester.

When a student applies for financial aid, our financial aid office performs a needs analysis based on estimated budget figures (different, of course, for independent and dependent students, but both notoriously meager), tuition and fees, and either student or family income. The resulting need level will determine the students eligibility for the aid programs disbursed through the college (2, 3, and 4 above), as well as the level of aid. The reality is that a student earnings much over $5,000 a year will have a computed level of need too low to allow eligibility. The low-income student is thus in a catch-22 stuation. He or she must work to be able to stay in school, live, and frequently support a family; yet even a modest amount of work precludes the receipt of even a pittance of financial aid. Only a small percentage of our 2,000 matriculated graduate students receive any sort of financial aid (including a guaranteed student loan). This is because it is only the full time students (around 250) and the students who are working less than 20 hours a week who have any real prospect of being eligible. An estimate of the number of students served by the various programs in the 1983–84 academic year follows.

Of the 258 students who filed for CUNY-awarded programs (2, 3, and 4 above) 22 were denied aid of any kind. Of the remaining 236, 91 received NDSL awards, 64 received college work-study, and 210 were given partial tuition waivers. Ninety-four received TAP awards, and 71 took out guaranteed student loans.

A total of 226 TAP awards were made, for an average of $381.55 per year, a total of $86,232. Remember that only full time students are eligible for TAP awards, so this source of funds is not available to about 90 percent of our students.

Guaranteed student loans were secured by 392 (20%) of our graduate students, for a total indebtedness for the year of $1,279,632.00. The 91 students who received NDSL loans incurred an indebtedness of $156,200.

There is a major unmet need for financial aid among the graduate students at Queens College. Of the 258 students for whom a needs analysis was computed by our financial aid office, only 57% of the total need was met. Twenty-two students received nothing, and none received full aid. We must assume that the other students receiving TAP also have substantial unmet need, since the TAP award does not even cover tuition and a student must present a very bleak financial picture to receive TAP. NDSL and GSL recipients are, of course, trading a temporary (and undoubtedly partial) reduction of need for future indebtedness.

The CUNY Graduate Center reports that of its approximately 2,000 doctoral students, 1700 applied for financial aid, but only 1,060 awards were made. We can, thus, conclude that unmet need is not unique to CUNY master's students, but is a significant problem for doctoral students s well.

How an increase in the Pell program could help. Not reflected in any of the figures given above is the number of students who never enroll in graduate programs or who are forced to drop out for financial reasons. Increased support of graduate students through the Pell program could, therefore, increase access to graduate programs for the neediest of potential students. For the students who manage to come despite financial hardship, increased financial aid could allow them to take more credits per semester, thus finishing their degrees in a more timely fashion. It is not unusual for part-time students to take four or five years to complete a master's program). For some, Pell assistance would allow them to attend as full-time students, so the award would have the double value of allowing them to be eligible for the state TAP award. In many of our graduate programs, the major portion of the work toward a degree can be completed in one year of full-time work. Thus, an award of just one year could encompass a major portion of the graduate education of a master's-level student. In the case of doctoral students, frequently the first year is crucial in terms of assistance, with program-based or grant-related funding becoming available in subsequent years.

Thus, the extension of the Pell program to graduate students would serve your stated goals of expanding access to graduate programs and improving program efficiency. An increase in allowable Pell funding from 50 to 75 percent of educational expenses would clearly be desirable for our students. With tuition levels of $1,000 per semester, our students would be eligible for the maximum Pell award only if 75 percent were allowed. It would indeed be ironic to set a level such that the very students who need assistance most, i.e., those at low-tuition public institutions, are not allowed to receive the maximum award.

I would like to argue against the plan to limit graduate Pell awards to students who have had fewer than five years of Pell support as undergraduates. Again, such a constraint would harm the very population the legislation is designed to serve. Low-income students typically require longer periods of time to complete an undergraduate degree than do their more affluent peers. Our Registrar's office estimates that upwards of 70 percent of Queens undergraduates are in school for more than four years. I suspect that this figure would be about the same or even higher for other CUNY colleges. Since a substantial majority of our graduate students received their undergraduate degrees from Queens or another CUNY college, the five year limit would probably disqualify a substantial number of our graduate students, indeed, the neediest among them.

I would also urge that the "first year of graduate school" be defined in such a way that it is a full year equivalent (e.g. the first 12 credits). Otherwise, the working part-time student would be eligible for Pell aid for a fewer number of credits than would the (possibly) more affluent full-time student.

How a 10 percent set-aside of College work-study funds would help graduate students. Queens awards 16 percent of its College work-study money to graduate students. In the current academic year 64 students received an average award of $1,432. The Graduate Center had 110 doctoral students receiving work-study (since they have only graduate students, this represents 100 percent graduate awards). Thus, a set-aside would not provide a higher level of CWS funding than these two populations currently enjoy. I do, however, understand that many colleges limit eligibility for CWS funds to undergraduates. Our experience clearly indicates that graduate students do need such assistance and will avail themselves of it if given an opportunity. A setaside is probably not needed but rather a clear indication to graduate schools that graduate students are eligible and can make excellent use of this program.

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Graduate level Cooperative Education at Queens. For just over two years Queens College has had a cooperative education program for graduate students, funded through Title VIII. Although the program has not been in operation long enough to evaluate its full potential, it is clearly a success. To date over 200 graduate students have been served in some manner, as the program provides a wide range of services such as career counseling and guidance in resume writing and interview skills. Approximately 50 students have been placed in academically relevant jobs for which they earn both salary and course credit. Although numerous other students await placement, we feel that only a fraction of the available population of students has yet been served. A recent survey conducted by the Coop Ed staff revealed that 75 percent of the respondents would be interested in a coop placement; 58 percent would be willing to travel to accept such a position; and 30 percent even indicated a willingness to relocate.

Cooperative Education has typically been thought of as a program for undergraduates—and frequently for more technically-oriented institutions. Such a program makes a lot of sense for graduate students such as those at Queens, however. A substantial majority must work anyway, so the opportunity to do so within an academically relevant placement that will increase the student's employability after graduation is very attractive. It is essential that graduate-level coop be conceptualized primarily as an academic program, as opposed to a source of financial aid. In such a program, however, a professionally oriented graduate student can simultaneously earn needed dollars and acquire a competitive edge in a tight job market. I would urge your committee to adopt any proposals that would increase access to coop programs for graduate students.

A recent report by the Graduate Education Subcommittee of the National Commission on Student Financial Assistance and a position paper by the Council of Graduate Schools have emphasized the importance to the nation of improving access to graduate education via increased federal support for graduate students. The implementation of the proposals discussed here would constitute an important step forward to provide support for just that segment of our graduate population which has the most serious financial need.

Thank you for inviting me to speak to your subcommittee. Should you need any further data regarding financial assistance or cooperative education for graduate students at Queens College, do not hesitate to call on me.

STATEMENT OF HELEN S. CAIRNS, DEAN, THE GRADUATE SCHOOL, QUEENS COLLEGE, CITY UNIVERSITY OF NEW YORK

Ms. CAIRNS. Thank you, Mr. Chairman. I, too, am delighted to be here. Thank you for inviting me.

Let me first tell you a little bit about Queens College, because I think it's rather different from the institutions, the other institutions, represented here.

We are a large, urban, commuter institution. We have only masters level programs at Queens. While the City University of New York has a graduate center, located in Manhattan, where the doctoral programs are institutionally housed, we have many of our faculty, about a third of our faculty, are doctoral—members of doctoral faculty, and we have doctoral students working on campus in our labs. But we have no doctoral programs. All of our programs are masters programs and the students that we have to be worried about providing financial aid for are masters students.

Queens has a title III grant. We also have a recent and very exciting FIPSE-funded program for training literacy teachers. We've also got a lot of programs in teacher education, speech and hearing sciences, computer sciences. We have the only public library school in a very large geographical area. We have teacher training for English as a second language, and we have very fine programs in painting and sculpture and music. So, we have a wide variety of masters level programs.

Now, our students are not affluent. They are from low- and middle-income families. A third of our undergraduates do receive Pell grants, and our graduate students come to us not just because our programs are good, but because we have a very low tuition, just about a thousand dollars a semester for New York State residents.

I want to talk to you particularly today about my concerns about the lack of financial aid for our students, and in particular, I wanted to address your ideas for a graduate level Pell program, for the College Work-Study Program for graduate students, and also to expand the Cooperative Education Program to include graduate students whenever possible.

We've got about 2,700 graduate students at Queens out of 1,600 registers students. About 2,000 of those are matriculated students. We've got 49 masters programs in which they matriculate.

Now, a major problem for these people is that they have to work in order to pay for their education. About 70—we had a recent survey that demonstrated that about 75 percent of our students work more than 20 hours a week and only a few over 10 percent are able to attend full time.

So, this part-time status is a major problem because, obviously, it extends the time it takes them. It's not unusual for a student to require 4 or 5 years to finish a 30- to 40-credit masters program. We have no way of really measuring the number of students who want to come, would be accepted into programs, but simply don't give it a shot because they don't have the money, or people who have to drop out for financial reasons.

We have four major financial aid programs. There's the NDSL, the College Work-Study, and then we have two local programs. There's the tuition assistance program, which is a State program, but it's available only to full-time students. So, most of our students aren't eligible.

Then we have a CUNY-funded partial tuition waiver program, based solely on need. Now, the reality is that when you do a needs assessment for our students, since tuition is low and the budget levels, allowed budget levels, are low, even a modest income from working prevents students from being eligible for any kind of financial aid. Consequently, only about 25 to 30 percent of our students receive any kind of aid.

To give you an idea of the magnitude of the problem, this year 258 students had needs assessments computed for them by our financial aid office. Only 57 percent of the total computed need was met for these students. None of them received full aid and several of them received absolutely nothing.

Furthermore, about 20 percent of our students incurred debts for the Guaranteed Student Loan Program of about $1.2 million, which is a very high level of debt to be incurred by students of this income level, who really don't expect very high salaries in the future.

Now, the expansion of the Pell Grant Program to first-year graduate students would represent a major opportunity for students such as ours, especially with an increase on the half-cost provision. More students would have access to graduate programs. The programs would operate more efficiently in that students would be

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able to finish in a more timely fashion. And for a few students the award would have the double value of allowing them to be full-time students and thus eligible for the State tuition assistance program award.

I'd like to suggest that since our neediest students do take a long time, frequently, to finish their undergraduate program, the 5th year restriction would render ineligible some of our most needy and worthy students. Also, I'd like to suggest that the first year graduate school be defined as the first full-time equivalent year, or 24 credits.

We award about 16 percent of our college work-study money to graduate students at Queens. That's our masters students. So, we constitute proof that graduate students will avail themselves of these funds, if given an opportunity to do so. I understand, and I only just found out, that recently, that a lot of colleges don't even have graduate students eligible for college work-study funds. And so I would suggest that what you need is not so much a specific set-aside, but a clear statement of graduate student eligibility for that program.

Now, we also have at Queens a cooperative education program for graduate students, funded under title VIII. I think ours is the first purely graduate program ever funded. Other graduate programs are sort of offshoots of undergraduate programs. We haven't yet been able to evaluate its full potential because it's new, but it's very successful. We've served over 200 students and career counseling and that sort of thing. Over 50 have been placed in academically relevant jobs, for which they earn both salary and course credit.

Now, co-op ed has traditionally been thought of as the program for technologically-oriented undergraduates, and it has had great success for that population. But it also makes a lot of sense for graduate students, like the ones we have at Queens, since a substantial majority have to work anyway. The opportunity to do so with an academically relevant placement that will increase the student's employability after graduation is very attractive. So, I would urge you to do anything that you can do to increase the access of co-op programs to graduate students.

We all know that recent reports by the Brademas committee and by the Council of Graduate Schools have emphasized the importance to the Nation of improving Federal support for graduate students, and I'm delighted to see that this committee has as its goal doing just that. Thank you very much.

Mr. SIMON. We thank you very much. On the Pell grant, and you made a couple of points that I hope we can modify the proposal on, and I think make a great deal of sense, in general, as you look at the legislation, how do we help that part-time student more, if I can ask you to be more specific?

Now, you have already suggested that we go to the FTE for that fifth year and I think that would clearly be a help.

Ms. CAIRNS. Yes; because a part-time student, 1 year for a part-time student, is going to be less than 1 year for a full-time student.

Mr. SIMON. Right. Yes. But are there other ways that we can be of assistance to that part-time student or the—my colleague from Wisconsin refers to it regularly as the "nontraditional student."

Ms. CAIRNS. Well, the Pell grants are available to part-time students.

Mr. SIMON. Right.

Ms. CAIRNS. Right? So, I'm suggesting that that would provide financial assistance for that population.

Mr. SIMON. Right.

Ms. CAIRNS. Whereas our State program does not.

Mr. SIMON. Yes.

Dr. Rodriguez, I appreciate your testimony also. This has nothing to do with why you're here today, but just out of curiosity, here you're a specialist in Latin American history. Does anyone from the State Department ever consult, as Latin American policy is formulated, with anyone with any knowledge of Latin American history?

Dr. RODRIGUEZ. Sometimes. I have not been consulted but I know of colleagues that have.

Mr. SIMON. All right. Well, there is a glimmer of hope there for us.

Dr. RODRIGUEZ. I should point out that many agencies of the Federal Government hire people who have been trained in the area studies programs, and over the last few years what has happened is that many students, people with Ph.D.'s, whom I have known personally, who have not been able to obtain positions in colleges and universities, have entered Federal employment, are working for private institutions such as banks, private companies, as wide ranging as Avon and Ford and other areas right now. I just learned that Ford, which is going to open up a plant in Mexico, is seeking trained scholars on Mexico, to assist their specialists.

So that area studies are important. The problem, I think, is not so much that there isn't—that the Federal Government and other institutions do not seek information. It's just that there aren't enough people who are trained and typically, when something happens we discover that that's an area that we haven't emphasized.

Mr. SIMON. And that leads me to your comments on title VI, and I am one of these strong advocates of title VI. I join you in that. This is an area where I hope Congress will—we face this constant uncertainty where an administration says we're going to zero this out and then we go back and fund it, but fund it woefully inadequately compared to the need, and you mentioned Soviet studies.

Just a few weeks ago I heard, and I have not checked out the validity of this, but I have no reason to believe it's not valid, that there is no place where Albania is now being studied. I have no reason to believe that Albania is going to emerge into the headlines. But Albania has an old leader, who isn't going to live too much longer. Who knows what's going to happen? And we simply are not developing the resources to cope with what may emerge in that very important part of the world.

So, I applaud your comments there.

Hispanics in higher education, we have had a series of hearings on this whole question, the first in the history of Congress. But you are correct that we have not—and here all of you, anything that can be done, whether at Queens or Duke or the University of California, that can be done to encourage greater participation, is desirable.

One of the things that we need, looking at it from a provincial perspective of the State of Illinois, is a faculty and administration presence of Hispanics so that Hispanic students feel some comfort in being on a campus. I just had checked at Southern Illinois University with about 40,000 students, we have one Hispanic instructor, in a State with a very substantial Hispanic population.

So, we clearly have a long way to go there.

You mentioned, Dr. Goodwin, your various problems. What is the endowment of Duke, if you happen to know?

Mr. GOODWIN. Well, you can't answer that easily. The university has an endowment which I think is about $250 million now. But it also has, by right, access to a portion of the Duke endowment, which is a separate, private, philanthropic foundation, set up by Mr. Duke himself. So, if you add the imputed value, it probably comes to between $350 million and $400 million.

Mr. SIMON. So that Duke would be among the top 10 or 15 schools in the Nation, probably, in terms of total endowment?

Mr. GOODWIN. Down toward the bottom of that list, yes.

Mr. SIMON. OK. But clearly, if Duke is having problems, then other schools are having even more severe problems, in confronting the very kind of problems that you're talking about?

Mr. GOODWIN. I have no doubt.

Mr. SIMON. We had a witness yesterday who mentioned the problem, and he was speaking specifically in the field of engineering, but the decline in the quality of faculty. Is this—we are addressing really primarily—we've been addressing the quantitative problem. Is there a qualitative problem that we somehow ought to be addressing in this legislation, or is there—I guess the most basic question, the more basic question, is there a qualitative problem, and if there is, should we be addressing this in some way that we are not?

If I may address that to all three of you.

Ms. CAIRNS. I'm sure we all three of us want to comment.

Mr. GOODWIN. I think there is, undoubtedly, a problem, and I really tried to imply that when I talked about how we see so few, relatively, of our very best undergraduates selecting entry to graduate school as opposed to entry to one of the professional areas now. I think at the same time you are addressing it in title IX, through the fellowship program that you're proposing, and I think that would go some distance toward attracting some of these absolutely first-rate students back to graduate school and then into the teaching professions.

More could be done but I think that's a marvelous first step.

Dr. RODRIGUEZ. That's a very critical problem. Irvin has a small school of engineering. We are seeking, as in all our programs, to obtain national standing. And it is very difficult for three reasons. First, the question of instrumentation. Despite the fact that we're a new institution, having existed for only 20 years, our equipment is woefully obsolete. We lack virtually everything.

The laboratories of private industry are so much more advanced than ours, as, parenthetically, are the laboratories in foreign countries. We have situations where faculty from Irvine, and graduate students, for example, are going to Switzerland to do experiments, and so we have faculty who have to wait in line in major international laboratories to do experiments.

That's a very serious problem and I think that if the question of instrumentation could be addressed, that faculty could be attracted to the university.

The very best engineering Ph.D.'s will want to go where they can do the best work. And if it's the case that private industry provides them more opportunities, they will go to private industry. Of course, there's the added incentive that private industry pays so much more.

The second problem is the problem of graduate students. I just recently had a discussion with a professor of engineering, who is developing a program to support engineering students at Irvine. He has been promised funds from local engineering firms, to provide fellowships for engineering students, at the level of $15,000 to $20,000 a year, because that's the only way that he feels that our school of engineering can be competitive with private industry.

People with bachelor's degrees in engineering can earn more money than associate professors at our institution. So, that's a very serious problem and that means what we have to do is invite foreign professors. We have, out of a faculty of about 27 engineering professors, we have about 5 people who received their training abroad, and who are not American citizens.

The same thing is true of students. In order to keep our programs functioning, and one of the realities of graduate education and research, is that one cannot develop a graduate program and suddenly cut it in half as far as student enrollment is concerned, because graduate students are integral to the graduate and research process. If a school of engineering or of any other area suddenly has a massive drop in the number of graduate students, that school is going to crumble. And the only way for engineering people to support their programs is to allow an increase of foreign students. So, our problem is not too many foreign students.

Mr. SIMON. If I could move aside from engineering, you asked the same question, if we have a problem with the quality of faculty and is there some way we should be addressing it that we're not, forgetting engineering for a moment.

Dr. RODRIGUEZ. I don't believe there is an overall—at least from the University of California and the other institutions that I personally know, I don't believe there is a specific problem of quality right now, that is, in the areas of sciences. I think we still have outstanding faculty in the humanities and in the social sciences we do as well.

The problem is in the future. That is, right now, particularly in the humanities and social sciences, but also, to some degree, in other areas, we are about to lose an entire generation of scholars, people who have obtained their Ph.D., people who have done their first work, and I could give you a very personal example. My wife has a Ph.D. in economic history. She has just had her first book accepted, which won a major prize. She has an appointment, a temporary appointment, which will come to an end at the end of this year. There are no faculty positions available for her and she has to make a decision on whether she's going to continue as an academic or enter private business.

I fear that she will probably have to enter private business. And that is true of a very large number of outstanding people. Part of

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this has to do with the cutback in support. The Federal Government is too intricately involved in graduate education and research and many areas have, for years, supported Ph.D. scholars in the research areas.

At Irvine, for example, particularly in the physics and the other areas, we have a large number of people who are scholars, but who do not have faculty positions. They have research appointments and those research appointments are sustained through grants. There are people who are world class scholars, equivalent to full professors at our institution, but who do not have a faculty position. They have research appointments and they are happy to do so because they are able to work in their research.

These kinds of supports have been able to keep a large number of scholars in the research and in the graduate enterprise without the institution having to have faculty positions. That sort of support is being reduced, and that sort of support has never existed in the humanities and the social sciences. So that in a very real sense we face a crisis, I would say, in the next 5 to 10 years.

Ms. CAIRNS. About the problem of quality of engineering faculty.

Mr. SIMON. Yes?

Ms. CAIRNS. We don't have an engineering school at Queens. The school of engineering is located at City College, for the City University. But we do have a computer science department, and computer science in the doctoral program is part of engineering. However, we are getting, now, there has been authorized a new doctoral program in computer sciences.

Mr. SIMON. If I may interrupt, I'm not so much interested just in engineering, as such, as I am in the overall problem.

Ms. CAIRNS. OK. Let me talk about that. The problem is not so much quality as it is quantity. We can never get enough computer science faculty. The computer science department is the one department that's always hiring. We had a review committee down not too long ago. They were absolutely horrified at the number of students, and at the teaching load that our computer science faculty has to contend with. The students are absolutely overrunning us. I don't know how many undergraduate majors we now have, but we now have 200 masters students in computer science, and every semester the applicants are just booming.

Now, this means that the faculty, even though they are perfectly fine faculty, they cannot realize their potential in terms of quality because they teach—we're talking about people who teach a three-course-per-semester teaching load, to large numbers of students, lots of international students, lots of advisement.

So, the problem is that we can't really develop the quality of, the potential of, the faculty, because they are overworked.

Now, what you could do about that, I don't know. We also have an infrastructure problem. We don't have enough computers for all these kids to study computer science.

But in terms—you know, I guess the most important thing you could do is something about reducing the teaching load. But how could you possibly reduce the teaching load? The students are there and they have to be taught. It's very, very difficult to recruit adequate numbers of faculty.

Mr. SIMON. Mr. Gunderson.

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Mr. GUNDERSON. Thank you, Mr. Chairman, and I thank all of you for your testimony. I was listening to the questioning and reviewing some of your prepared testimonies while you were talking. I'd like to ask just one question that deals with the issue of fellowships, and it looks like there will probably be some new initiative in the whole area of fellowships for postgraduate work. What ought they be based on? Should they be based on merit? Should they be based on financial need? Or should they be based on field study?

Mr. GOODWIN. Would you like roundrobin again?

Mr. GUNDERSON. Sure.

Mr. GOODWIN. This is simply a personal judgment. I think that this program should be based entirely on merit. I'd let the students select the field into which they'd like to go. I think that there is a good deal of justification for the other criteria you mentioned in other programs. I'd like to see these kept strictly on the grounds of merit.

Dr. RODRIGUEZ. I agree about the importance of merit. I think, in general, that the Fellowship Program ought to be based on merit. There should also be other sorts of support based on need. It's difficult to judge the quality of the graduate student. I am convinced, after being graduate dean for 4 years, that graduate record exams, that grades are really not very good predictors of success.

So, when we're admitting students, we are betting that they will succeed. And merit is a guess, an educated guess, but it's a guess, to be sure.

In addition to that, there is the problem that many students, both majority and minority students, both men and women, do not necessarily obtain the best undergraduate education, either because they were not mature or prepared enough for it when they were undergraduates or because they attended institutions which were inferior or did not provide them the kind of support that they should have had, so that later, when they discover their vocation, they have an opportunity to change, and this is one of the great advantages of the United States. Most other countries that I'm familiar with do not provide their citizens with an opportunity to recoup from earlier mistakes or from poor education. We have done an excellent job in that area and I think we have to have a program which supports needy people, who may not have had the best of grades to compete in this merit area.

The reason that merit is critical is that sometimes the most meritorious people are the people with the best potential, may either not need a specific need base as "need base" is defined and what we have to keep in mind is that need-base is defined in a very strict way so that the best students may just miss qualifying for that. If need is the principal criteria, many of our students might not qualify.

I think that students are the best judges of the field and it's my impression and also, I think, a fairly widespread feeling among academics that students are, in fact, making the best choices. We don't have massive concentrations in areas that are not of interest both to the public and to the students.

Ms. CAIRNS. I think this is a real challenging question because, clearly, we would all want these fellowships to be based on merit. I mean, you don't want—I mean, this is a merit program. On the

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other hand, you don't want students accepting these programs who could have been living off of clipping coupons, you know.

So I really think that the challenge to you is to figure out an intelligent combination of merit and need criteria because it's like Jaime said, a real needs assessment where you set a needs base very, very low and say this is a program only for meritorious, needy students is not the way you want to go. Neither do you want to say that this is for very meritorious students ignoring their need.

It seems to me that you have to develop some rational balance so that you really get the highest quality students you can find, but you make sure that they really do have some reasonable level of financial need. In other words, you want to find good students who couldn't make it without the program or who could only make it by going very, very deeply in debt or students who might otherwise have gone to private industry and left academia, the lost generation that Dean Rodriguez was speaking of.

But I don't think that it should be based on discipline. I agree that the idea is to find the students that we might lose in all disciplines—high quality, high potential students—and then try to help them and let them choose their areas.

Mr. GUNDERSON. I find your responses interesting and challenging because I am not sure I agree. It would seem to me that if we are promoting learning for the sake of learning then what all of you have said is absolutely correct. But I think if you must sit on this side of the table and look on Government's role as establishing programs and policies which serve the greatest public good. Because, after all, what is the justification of our involvement? Is it just learning for the sake of learning? Or do we have to have a concern also about the greater public good? I don't know how we can ignore field of study.

I agree with the chairman. He has challenged me over the last 3 years that we need to look at areas where it is in the interest of our country and, hopefully, our world that we make sure that those areas do not go by the wayside.

I must ask you all again from a public policy perspective now, not a dean of a graduate school, if you were a Member of the Congress, would you not take a little bit different angle in your response?

Ms. CAIRNS. But, Mr. Gunderson, just sitting here, what disciplines would you select as not socially useful? I mean, what disciplines would you select as the disciplines that we can allow to die? I mean, we have spoken just today about the sciences, we have talked about engineering and technical programs, we have talked about the social sciences, we have talked about the enormous importance of language studies and international studies of various kinds.

I don't think we have missed a single academic discipline just this morning, except the arts and I would like to put in a word for the arts. [Laughter.]

Mr. GUNDERSON. OK.

Ms. CAIRNS. So what's going to go?

Mr. GUNDERSON. Well, my concern is that some fields of study have adequate participation because they are, quote, "fat." They

are the thing of the times. I mean, look at the high tech. I don't think that we need to encourage people to get into high tech right now. Everybody wants to get into high tech. That's the neat thing to be in.

I think the chairman brought up Albania. I think you can look at a lot of foreign languages, a lot of foreign countries. If America, frankly, had had more interest in Iran in the 1960's and 1970's we probably never would have had the Iran hostage crisis and certainly not one that America didn't understand and didn't know how to respond to.

There are many areas like that. The areas that are not popular may be the areas where there is a role for Government to provide an incentive that equates to that choice among the students.

Mr. RODRIGUEZ. Could I ask for a clarification? When you are referring to fields, I assume you are talking about the National Graduate Fellows Programs, which I understood is for study in the arts, humanities and the social sciences. Now were you suggesting areas within that or those areas?

Mr. GUNDERSON. Oh, within those areas. The question started with, what ought the criteria be? Ought it be merit? Ought it be need? Ought it be field of study? You all pretty much came down in the area, first, of merit and, once in a while, a little bit of need. I guess I felt a little bit uncomfortable with that going back to my rural constituents in western Wisconsin and saying, "We are going to provide x amount of dollars for fellowships in areas that there is all kinds of interest in today and we are going to give to people who have no financial need, but a lot of interest and are pretty smart." I think from a public policy perspective I could defend the program and the need to do it, if we also included this area of field of study.

Mr. GOODWIN. Could I say a word or two on that?

Mr. GUNDERSON. Sure.

Mr. GOODWIN. I understand your motivation and I have a great deal of sympathy for it. I think the principal difficulty is in identifying what these fields will be at the time the students come out of the pipeline and I think that the history of our attempts to identify these fields has suggested to us that it probably can't be done and perhaps the best guide is the tastes of the students themselves.

These are students who, to begin with, will be the brightest students at the undergraduate level. They will have had an opportunity to understand the field to some degree and what they may well be responding to is the excitement, the opportunity that lies in different areas. My expectation is that those students will probably be better guides than a committee of deans or a committee of Federal employees or any other group that will attempt to say that applied mathematics is going to be what we need 10 years from now as opposed to econometrics.

I think that it's a fundamental problem of forecasting but I think that this device of allowing the student to pick is probably as good as we have got.

Mr. RODRIGUEZ. If I may clarify my answer. I was answering from the assumption that there would be no change in the general definition of the areas for the national graduate fellowships. I don't feel that these fellowships ought to go to the sciences, for example.

The sciences, relatively speaking, are well supported in comparison to the arts, humanities and the social sciences. So I would support restricting these national fellowships to those areas. But within those areas, I agree that we cannot really be the best judges.

The record of students, I think, is fairly strong. They have gone into the areas that appeared to be the areas of greatest need and greatest demand.

Mr. GUNDERSON. I appreciate your insight. One very quick final question. I think you can all give me quick answers to this.

Can you give me a breakdown, percentagewise, of the type of graduate student at your school? How many would you say are there as, quote, "academic professionals?" How many would be there for professional training or retraining? How many are there purely for personal enrichment? Are we looking at one-third, one-third, one-third? Fifty, 25, 25? How would you break down those three areas of your graduate students?

Mr. GOODWIN. Could you clarify the first two? Is the first category scholar?

Mr. GUNDERSON. I would use the doctor's wife as the example—right now I think he would allude to her as an academic professional and I mean that in the most positive sense. I would say, however, that someone who is working at Control Data and goes back for specialized training in computer science, mathematics, that type of science as a part of their professional role in the private sector; a doctor who comes back for graduate study would be one who is there from a professional need rather than there for studying academics for the purpose——

Mr. GOODWIN. Well, in our case, we are predominantly the first category and I would say maybe 10 percent of each of the latter two.

Mr. GUNDERSON. OK.

Mr. RODRIGUEZ. The same thing is true of the University of California. The State of California, as you may know, has the three-tier system and the State university provides masters level programs. The University of California principally emphasizes doctoral programs with only a few masters levels programs. I believe we have about 29,000 graduate students and I would say that of those 80 percent are doctoral students who expect to be either academics in the sense that they will go to other institutions to teach or research or who expect to be research professional in private or public laboratories.

Ms. CAIRNS. I happen to have data.

Mr. GUNDERSON. Aha. [Laughter.]

Ms. CAIRNS. Our cooperative education program conducted a survey of our graduate students and the respondents look demographically pretty much like our whole population. So here you go. For professional licensing, 27 percent. This is lots of teachers, which is, by the way, something we haven't talked about today that's awfully important, and that is graduate-level teacher training. So, these are people who need to get their masters degree to keep their teaching jobs.

Then, upgrade my career potential financially, 26 percent. Career change, 15 percent. Entry into career, 21 percent. Intellectual challenge and enjoyment, 8 percent.

Mr. GUNDERSON. That's astounding. If I calculated correctly, that's about 86 percent of yours that would be in the area of professional training and retraining.

Ms. CAIRNS. Right.

Mr. GUNDERSON. OK. Thank you, Mr. Chairman.

Mr. SIMON. Thank you. If I could just make one comment on the merit versus need thing. In fact, when you get to graduate school, the status of the students is such because of age and other factors that they are classified as "independent students" and, even if their parents may happen to be wealthy, they, in fact, would qualify as needy students. So that even a program like the Javits Program that is a merit-based program will, in fact, primarily overwhelmingly be helping students who would be classifed as needy students. So that when we get to graduate programs the distinction between what is a needy student and what is a merit-based student probably gets to be a pretty fuzzy kind of a delineation.

Ms. CAIRNS. Could I speak to that point because that whole issue is also important for women? Women frequently—so you have a wealthy husband and that makes you look not needy. Maybe you would like to leave him, you know. You would at least like to have the option. So, you know, it really is very difficult when you have—you cited an example of a statutorily needy student with a wealthy family. You can also look unneedy when really you are judged by your own merits. So it's real tricky.

Mr. SIMON. We thank the three of you very, very much.

And since we don't have any hearings this afternoon, the hearing stands adjourned.

Thank you.

[Whereupon, at 10:51 a.m., on Thursday, March 29, 1984, the subcommittee was adjourned.]

[Material submitted for inclusion in the record follows:]

AMERICAN MEDICAL ASSOCIATION,
Chicago, IL, April 25, 1984.

Hon. PAUL SIMON,
Chairman, Subcommittee on Post-Secondary Education, Committee on Education and Labor, U.S. House of Representatives, Washington, DC.

DEAR CHAIRMAN SIMON: The American Medical Association is pleased to submit the enclosed statement for the record of the recent hearings concerning financing for post-secondary education.

We appreciate the opportunity to express our view and urge you to carefully consider our comments.

Sincerely,

JAMES H. SAMMONS, M.D.,
Executive Vice President.

STATEMENT OF THE AMERICAN MEDICAL ASSOCIATION

The American Medical Association takes this opportunity to submit its comments for the record of the recent hearings concerning the financing of post-secondary education. The focus of our remarks is on the importance of continued availability of federal financial support for students seeking careers in medicine to ensure that qualified individuals are not deprived of a chance to pursue a medical career because of insufficient financial resources.

GENERAL COMMENTS

Medical education today is very expensive. The costs that an individual can incur can be overwhelming to all but the wealthy. Medical school tuition can cost as much

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as $75,000 over a four-year period. That amount does not include ancillary costs and living expenses and costs incurred in obtaining an undergraduate degree. Moreover, it is likely that the cost of a medical education will continue to rise in coming years as medical schools' costs increase.

The AMA believes that access to a medical education must be available to qualified persons from all socio-economic backgrounds. The medical profession—and indeed all of society—benefit from a diversity of economic as well as cultural and ethnic backgrounds. In order to ensure that medicine does not become the province of the wealthy, a broad array of financial assistance programs must be available for qualified medical students. We do believe, however, that in light of the earning potential of physicians federal student assistance should as a general rule be in the form of loans and loan guarantees rather than grants.

GUARANTEED STUDENT LOAN PROGRAM

Currently, a primary source of financial aid for medical students is the Guaranteed Student Loan (GSL) program. During the 1982-83 academic year, nearly 58% of medical students relied on GSL funds and these funds provided approximately half of all financial aid to medical students.

The AMA strongly supports adequate funding for the GSL program and believes that medical students should be allowed to continue to participate in the GSL program. The future of our health care system depends largely on the ability of medical schools to attract the most qualified students regardless of economic background. If medical students were excluded from the GSL program, the opportunity to pursue a medical education would be put out of the reach of many students who lack private financial resources.

H.R. 5240

H.R. 5240 would reauthorize and amend the Higher Education Act of 1965, and this statement will comment upon a provision of the bill which represents a significant change from existing law.

LOAN LIMITS

Currently qualified medical students can borrow a maximum of $5,000 annually and an aggregate amount of $25,000 during their school career (including GSL funds borrowed as an undergraduate). H.R. 5240 would raise the maximum annual limit to $7,000 though it would keep the aggregate loan limit constant.

The AMA supports raising the current annual loan limit from $5,000 to $7,000 per year. The annual limit has not been increased in a number of years. During this period medical school tuition has increased by between 5 to 10%/per year. Thus the AMA believes that an increase in the annual limit is needed to ensure that the GSL program continues to be a primary source of financial aid for medical students. We also believe that in order for the increased annual limit to be meaningful, the aggregate limit should also be raised. Otherwise it is likely that many medical students will use all of their GSL elgibility before they are able to finish medical school.

OTHER FEDERAL FINANCIAL ASSISTANCE PROGRAMS

The AMA also supports reauthorization of and adequate funding for the Health Professions Student Loan program and the Health Education Assistance Loan program. These programs provide valuable financial aid for many medical students.

Finally, the AMA supports the continuation of the National Health Service Corps with adequate field strength to assure the availability of health care in shortage areas. While we do not support funding of new NHSC scholarships, since other techniques (i.e. loan forgiveness, volunteers, etc.) could be made available to better advantage, we support continued funding for persons currently in the pipeline. The AMA would also support a program of loan forgiveness as a recruitment technique in order to meet future field strength requirements of the Corps.

CONCLUSION

The AMA believes strongly that qualified persons regardless of their economic background should be afforded the opportunity to pursue a career in medicine. We urge you to continue federal financial support of medical education through the GSL and other federal financial assistance programs as indicated above to ensure that qualified students have such an opportunity.

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PREPARED STATEMENT OF DR. JOHN BRADEMAS, PRESIDENT, NEW YORK UNIVERSITY

Mr. Chairman and members of the Subcommittee, I should like at the outset of my testimony to extend a warm greeting to the distinguished Chairman of this Subcommittee and my valued friend of many years, Congressman Paul Simon of Illinois, and to all the Members of the Subcommittee.

It is, of course, a particular pleasure for me to be here today because, as you know, for the entire length of my own service in the House of Representatives—twenty-two years—I was a Member of this Subcommittee, and, if you will allow me to say so, I take continuing pride in having worked with some of you and all of your predecessors during those years to shape the policies of our national government in support of higher education.

Now that I have had the opportunity to serve for nearly three years as President of New York University, one of the foremost urban universities in the nation and one of the largest, private universities in the world, I must tell you that I am even more convinced of the wisdom of the judgments that you and I and our predecessors made over the last quarter of a century in adopting these policies.

You will not be surprised to learn that I have not lost my concern about public policy for higher education—a concern that goes beyond the needs and interests of my own university. During the past two years, I served on the National Commission on Student Financial Assistance, and chaired the Graduate Education Subcommittee of the Commission. As you know, the Commission last December issued its report on graduate education with the unanimous support of its 12 members.

This morning I should like, first, to report to this Subcommittee on the findings and recommendations of our Commission with respect to graduate education.

I should then like to put the report in the perspective of the current legislative proposals put forth by Chairman Simon as this Subcommittee considers the reauthorization of the Higher Education Act of 1965.

THE COMMISSION

Before summarizing the findings and recommendations of our Commission, I want briefly to describe its structure.

The Commission was created by the Education Amendments of 1980. Its twelve members were appointed, four each, by President Reagan, Speaker O'Neill, and the President Pro Tempore of the Senate, Senator Thurmond. My colleagues on the Commission included Members of Congress, leaders in higher education, business and the professions, Republicans and Democrats. I was one of Speaker O'Neill's appointees. (A complete list of the Commission membership is appended to this testimony).

The Commission was charged by Congress to examine some of the most pressing issues that affect Federal student financial assistance and to recommend modifications in existing programs. The Subcommittee on Graduate Education focused mainly on master's and doctoral programs in the arts and sciences because innovations and new knowledge depend most heavily on them. We also treated the question of student financial assistance in the context of the graduate enterprise as a whole because research, training and teaching are inseparable activities.

During the course of a year, our Subcommittee gathered testimony from witnesses from universities, industry, government and foundations. We commissioned research papers and solicited comments from a wide range of higher education groups and professional associations.

THE FINDINGS: SIGNS OF TROUBLE AND EROSION

Our inquiries led the Commission to several unanimous conclusions. First, we were convinced that the scholarship, skills, trained intelligence and historical perspective that our universities yield are vital to our national interests in three areas: security and diplomacy, economic growth and the quality of American life. Let me touch briefly on each of these dimensions.

Projected defense spending over the next five years of nearly $2 trillion will generate a gargantuan demand for advanced scientific knowledge and capabilities. It is doubtful that such a demand can be easily met. The Committee on Armed Services of the House of Representatives, for example, warned in April 1982 that ". . . critical shortages in a variety of skills continue to plague the military. Greater engineering shortfalls in the future will likely harm the U.S. defense posture."

Furthermore, American military strategy and technology, as well as our intelligence operations, depend on graduate-trained experts in a host of specialties, not

only in science and engineering but in the languages, cultures, geography, history, literature and religions of other peoples of the world.

Graduate research and training are also major sources of the new ideas and inventions that drive our economy. Wassily Leontief, Nobel Laureate in economics and professor at New York University, testified before the Commission on the needs of the economy for men and women with advanced training. He told us that, because of the characteristics of modern technology, our requirements for highly skilled scientists, engineers, managers, public administrators and teachers will, in the future, grow even faster than the economy.

With respect to the quality of American life, universities have contributed to our health and nutrition, to the organization of our domestic and work lives, and to our civic and aesthetic culture. The solutions to our most pressing problems in areas such as poverty, public education, energy and mass transportation in large measure will come from university graduates.

Even as the Commission became convinced that the nation's well-being depends on its institutions of advanced education, we heard testimony that led to our second unanimous conclusion: America's graduate programs in the arts and sciences are in trouble.

The Commission detected signs of trouble and erosion throughout the graduate enterprise. For example:

Between 1969 and 1981, the total number of stipends for graduate study awarded by Federal agencies fell from nearly 80,000 to approximately 40,000. During the same period, tuition and fees more than tripled.

Many highly talented students are not pursuing advanced degrees in the arts and sciences—leading universities report that applications for graduate schools have declined sharply in both quality and quantity.

Women continue to be dramatically underrepresented among doctoral recipients in the sciences and engineering, as are minorities in all fields. For example, blacks, who compose 12 percent of the population, received only 3 percent of the doctoral degrees awarded in 1981.

Universities are unable to keep pace with the need to renovate and replace outdated facilities, leading knowledgeable observers to describe the condition of university laboratories as "pathetic".

During the 1970s, despite a "knowledge explosion," escalating costs compelled university libraries to cut their acquisition rate by 20 percent.

Our capacity to train experts in foreign languages and cultures at the graduate level is deteriorating at a perilous pace.

There is an exodus from the campus to corporation of some of our best students and teachers in fields such as engineering and computer science.

A depressed employment market in the humanities and social sciences portends the loss of a generation of scholarship in those fields.

RECOMMENDATIONS: AN AGENDA FOR FEDERAL ACTION

These and other signs of erosion and distress led to the Commission's third unanimous conclusion: Urgent Federal action in support of graduate research and training is required to avert a crisis that endangers our national well-being.

Although financing graduate education is not the sole responsibility of any one sector of our society, it is the special obligation of the Federal government to ensure stable and continuing support of graduate research.

In the words of Simon Ramo of TRW, Inc., chairman of President Reagan's Transition Task Force on Science and Technology, "The government, and not competitive industry, is the proper and natural source for funding university basic research. Because it benefits all citizens in the end, it is right for all citizens to share its costs."

The Commission formulated an agenda of ten goals for Federal action on behalf of graduate education. Let me review first those that affect university training and research generally. Then I shall turn to the recommendations on student financial assistance.

The Commission urged the Federal government actively to support the research function of universities in three areas:

First, grants from the Federal government for basic and applied research at colleges and universities should be increased at a rate sufficient to keep pace with inflation. Moreover, because uncertainty about anticipated support can seriously undermine the entire research effort, granting policies should ensure stable, multi-year funding.

Second, the Commission recommended that the Federal government substantially increase funds in existing programs to improve university laboratories, equipment,

and instrumentation. Private business and industry should also be encouraged, through tax incentives, to donate new and used equipment to universities.

Third, the Federal government should increase grants for operating support to college and university libraries. It should also encourage contributions to libraries from business and industry, and should continue to assist libraries in their efforts to improve their research services, preserve materials and increase access to them.

In the area of faculty development, the Commission recommended that the Federal government provide support to universities in the form of multi-year salary stipends to attract and retain promising young scholars in all fields. The participation of minority and women faculty members should be especially encouraged.

Federal support should also be directed toward ensuring that our universities are able to meet national requirements for highly trained experts. In particular, funds for research, instruction and graduate study in foreign languages and cultures should be increased.

In preparing its report, the Commission found that there was very little basic information available about graduate students, how they finance their advanced study, and their career patterns. To enable universities and governments to develop sound policies, Commission members recommended that the appropriate Federal agencies gather the data needed to monitor the overall condition of graduate education.

In addition, the Commission urged the Federal government to establish a process for regular evaluation of the effect of Federal decisions, especially budgetary ones, on the nation's need for graduate trained men and women. "Educational impact statements" would enable universities, business and industry to meet those demands more readily.

I turn now to the recommendations affecting student financial assistance. Commission members were convinced that the quality of our graduate schools depends most directly on their being able to attract and sustain highly talented students. Therefore, we were most concerned by evidence that Federal support for advanced study in the arts and sciences is eroding rapidly, and that women and minority students are especially disadvantaged by this trend.

In light of these findings, the Commission made the following recommendations for action by the Federal government:

Both the number and stripend level of science and engineering fellowships in various agencies should be increased.

1250 new fellowships and dissertation awards should be created to support students in the arts, humanities and social sciences.

The number of research assistantships should be increased in all fields.

The College Work Study program should be substantially expanded, with a sizable portion of additional funds directed to graduate study.

Graduate students should be given increased access to Federal student loan programs.

Fellowships and research assistantship programs for women and minorities should be increased, especially in fields in which they are presently underrepresented. At the very least, all existing programs in NSF, NEA, NEH, NIH and the Department of Education that did minority and women students should be maintained.

Support should be expanded in those fields for undergraduate programs that help women and minority students prepare for advanced work.

The Federal government, universities, and colleges should work together to disseminate information to both women and minorities about opportunities for graduate support.

Let me make clear here the Commission did not regard these recommendations for Federal action on student aid, or the more general ones I discussed earlier, as measures that would create an ideal world of scholarship. Rather these steps are minimal measures that must be taken promptly to protect and enhance the research and training functions of our universities.

Let me turn now to examine, in light of the recommendations offered by our Commission, the bill introduced by Chairman Simon.

At the outset, I should like to applaud the efforts of Mr. Simon in introducing this bill. As one who served on this Subcommittee for nearly a quarter of a century, I share Paul Simon's commitment to the goals of assuring broader opportunity for higher education while at the same time enhancing its quality.

In my comments, I will proceed through the legislation, title by title, noting those sections relevant to the needs of graduate education.

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Title II—Strengthening library resources

Excellence in graduate training and research is impossible without first-rate facilities. Yet our university libraries are struggling to keep up with the explosion of published knowledge and maintain access to their collections. For several reasons, libraries also find it difficult to take advantage of new technologies for bibliographic and indexing improvements and for cooperative arrangements to create networks of knowledge.

Title II of the proposed legislation addresses these problems in a number of key respects:

First, this legislation, by establishing a Library Unit within the Office of Postsecondary Education upgrades the status of all higher education library programs and reverses a trend toward neglect;

Second, funding for research libraries would increase;

Third, the bill places more emphasis on developing technologies and strengthening minority programs, two direct concerns of our Commission; and

Fourth, a foreign language periodical system would be authorized to support acquisition and lending of these expensive materials. [This initiative will then be transferred to Title VI, international education.]

Although I am encouraged by these provisions, I still want to underscore the urgent need for substantially more funding for libraries. For example, the "Strengthening Research Library Resources" program, on which major research libraries throughout the nation rely to maintain and expand their collections, was funded in 1983 at the pitifully inadequate level of $6 million for the entire nation. The Federal government should expand its efforts in this area.

Title IV—Student financial assistance

As I have said, the Commission was particularly concerned with the fall-off in Federal assistance for graduate students. I must emphasize that withdrawal of financial support represents more than an inconvenience to the student. Graduate training, the Commission observed, is intimately linked to research. It is not possible to reduce support for students without thereby threatening the basic research endeavor.

As you are no doubt aware, the College Board recently reported that postsecondary student aid from governmental sources, after increasing during the 1960s and 1970s, has declined by over 10% in the last three years. This trend would be sufficient cause for alarm, but the Commission found the specific figures on Federal support for graduate study still more distressing.

The number of Federal stipends awarded for graduate study rose during the 1960s, but since 1970 has decreased by nearly 50%. Moreover, the humanities and social sciences have been afflicted much more by this downswing than the sciences. The sciences benefit from Federal research assistantships, which have actually increased in recent years, while the humanities and social sciences rely on fellowships and traineeships, which have decreased by 66% in the last 15 years.

One area of graduate study recognized by the Commission of special national interest was foreign languages. Yet, according to figures in Jaroslav Pelikan's Carnegie Foundation study on the state of American scholarship, the proportion of foreign language students in doctoral programs supported by the Federal government dropped from 14.2% to 5.5% between 1978 and 1981—a decline of two-thirds in just three years.

There is another differential impact hidden by the overall figures. Women and minority students are concentrated in the fields hit hardest by the decline in Federal funding, so precisely the students who most need such assistance are most adversely affected.

The increased reliance of advanced degree students on student loan programs is directly related to the decline in Federal support for graduate study. Figures from Pennsylvania indicate that three times as many graduate and professional students borrowed under the Guaranteed Student Loan program in 1982 as in 1976. Their average total indebtedness rose in this period from $4,882 to $10,244, an effect not only of the decline of Federal funding but of the increased cost of graduate education.

The Commission was concerned about this trend both because it discourages the most talented students from graduate study and because minorities and women are most disadvantaged by it. The shift from aid through research grants, fellowships, traineeships and assistantships to loans penalizes all who choose to pursue graduate study with a burden of debt. It should not be surprising that many of the best students are moving directly into business and industry. Financing graduate study through loans works special hardship on women and minority students because, for

a variety of reasons, they generally take longer to complete advanced degree programs and hence accumulate a larger debt burden.

Let me here then summarize the major causes of concern that our Commission members concluded affect student financial assistance for graduate study in the arts and sciences.

First, there has been an absolute decline in Federal stipend support at the same time that national needs for advanced research and expertise are rising.

Second, there has been a shift from student aid through research grants, fellowships, traineeships and assistantships to loans, a shift that dissuades many of the best students from pursuing graduate degrees.

Third, both these trends especially discourage minorities and women from graduate work.

In light of these concerns, I offer these comments on Title IV of Mr. Simon's bill:

Pell grants.—The bill would permit any student up to five years of Pell Grant eligibility as an undergraduate and eligibility for the first year of graduate or professional school. This proposal was not a subject of discussion before our Commission; therefore, I can only give you my own view on the matter. Although one cannot be sure of the impact of allowing graduate students to qualify for Pell Grants, such a change would be in keeping with the general thrust of measures created by Congress in the last fifteen years to provide more assistance to able but needy students.

Of course, I need not remind members of this Committee, with respect to resources for higher education, there must be tradeoffs. The resources committed to Pell Grants must be weighed against the need for increased funds for fellowships and research support.

College work study.—The proposal calls for a flexible 10 percent set aside of college work study funds for use by graduate students. Currently graduate students may participate in college work study, but the set-aside will establish a floor for allotment of program funds. The Commission's report calls for increased funding of college work study with a "sizable portion of additional funds directed to graduate students."

Guaranteed student loan program.—Several of the changes proposed in the GSL program would aid graduate students. First, the limits would be raised on the annual amounts that students may borrow—from $5,000 to $7,000. The Commission expressed the concern that without some such modification of loan limits, students will find themselves unable to continue graduate work. The amounts students are allowed to borrow should keep pace with costs.

Further, the legislation would allow graduate students to consolidate loans and stretch out repayment at more realistic interest rates.

Finally, Mr. Simon's bill is responsive to a concern of the Commission. The bill changes the definition of "independent student" to allow graduate students to borrow immediately upon entering graduate school even if they were dependent on their parents in the previous year.

Campus-based block grants.—Under Mr. Simon's proposal, graduate students would continue to be eligible for campus-based grant, work and loan assistance.

Title VI—International education

In its report the Commission highlighted certain areas where the shortage of hightly trained experts threatened our national interest. One such area was a serious and growing lack of expertise in foreign languages and cultures.

We heard testimony from former CIA directors William E. Colby and Stansfield Turner, who attributed shortcomings in our past intelligence on Vietnam and Iran to our deficiency of experts in both areas. They went on to caution that our ignorance of Latin America is "almost boundless".

As the author of the International Education Act of 1966, I have long been convinced that our national capacity to understand and communicate with other peoples is seriously undermined by our ignorance of the languages and cultures of other nations. And, of course, the vision and intelligence with which Paul Simon has written and legislated in this area have marked him as a national leader on this issue.

In the face of these findings, I am pleased but not surprised to note that Mr. Simon's bill maintains and expands support for Title VI, particularly for the resource centers that provide graduate and faculty research support at major university centers.

Chairman Simon's bill also contains several new initiatives for international education that are in line with the Commission recommendations, including study abroad programs for faculty and graduate students.

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The Simon bill also calls for a Center for International Education to be established within the Department of Education to provide strategic planning for area and foreign language studies, to assess the trends and needs for experts in foreign languages and cultures, and to serve as a clearinghouse for information regarding financial support for exchanges and foreign language study.

To the extent that such a Center raises the level of visibility for international education programs both within the government and among the public at large and stimulates increased financial support for such programs, I favor it. I also agree that such a Center as outlined in the Simon bill, could: monitor programs and advise the Secretary of Education on trends . . . that might portend shortcomings in future pools of regional experts and language specialists; the impact of international education programs on international business, foreign policy and educational needs; and languages and areas of the world . . . of special concern to the national security . . .

Having said this I must reiterate my conviction that international education will only come into its own, budgetarily speaking, when the American people and their representatives in Congress understand that nothing less than our nation's security and economic progress depend on increasing our knowledge of other peoples and cultures. Organizational changes such as the proposed Center can be most helpful in this process of enlightenment but in the final analysis is no substitute for adequate funding of existing programs. In fact, we must be careful to avoid interpreting organizational changes as solutions to the problem.

Title VII—Construction, reconstruction, and renovation of academic facilities

The costs of maintaining adequate, up-to-date research facilities, especially in the sciences, can be staggering. A recent survey of fifteen institutions concluded that their needs for scientific equipment over the next three years are almost twice what they would have spent in the last four years.

As the Commission stated in its report: Our investment in such sophisticated, expensive and powerful equipment and interests is inadequate. It is not simply a matter of not keeping pace—our penury has led to a situation in which many instructional laboratories and much of the equipment and instrumentation currently available are obsolete and insufficient to the tasks at hand.

Mr. Simon's bill proposes to authorize "such sums as necessary" for low-interest loans to institutions of higher education for construction, rehabilitation or renovation of academic facilities and $100 million a year over 5 years for matching grants to eligible institutions to purchase laboratory, research or other instructional equipment.

While important, such proposals should not be construed as a final resolution of this problem, The need is far greater. Over 13 years ago, a National Science Board study concluded that $200 million was needed at that time for new instrumentation. The accumulated cost today would probably be 5 times that amount.

It should also be noted, however, that various departments and agencies throughout the Federal government and not only the Department of Education have statutory authority to provide grants, loans, and subsidized private loans for construction of facilities and purchase of equipment. In fact, the National Science Foundation and the Departments of Defense and Energy have recently begun to expand their activities in this area. I would applaud the efforts of Chairman Simon as well as these other agency initiatives and urge continued and increased support to stem the deterioration of the infrastructure—the laboratories, equipment and instrumentation—that supports graduate research.

Title IX—Graduate education

Enrollments of talented graduate students in the arts and sciences are declining. The reasons are several: the depressed state of the academic job market, demographic changes, rapidly escalating costs and reduced financial aid.

As a result, many students who, thirty years ago, would have pursued advanced studies now avoid graduate preparation because they see little future in it alongside opportunities in law, medicince, business and industry.

The loss of talented students is especially marked among minorities and women. Both groups are still seriously underrepresented at the doctoral level.

Blacks, Hispanics and Native Americans constitute 19 percent of the population but are currently awarded only 8 percent of the doctoral degrees. Minority graduate students are heavily concentrated in education, and modest gains in other fields during the early 1970s are being rapidly eroded. Although women compose half the population, they received only 32 percent of the Ph.D.s awarded in 1981; in the physical sciences and engineering they received only 3.7 percent and 1.2 percent, respectively, of the doctoral degrees conferred.

Title IX of the Higher Education Act is specifically directed to graduate education. The title provides for grants to institutions of higher education to maintain, strengthen and improve graduate, professional and public service programs. Mr. Simon's bill would authorize "such sums as may be necessary" for this purpose, removing a prohibition on authorizations that has been in force for fiscal 1982 through 1984.

Jacob K. Javits Fellowship Program.—The Commission made a number of recommendations designed to increase fellowships and assure that sufficient numbers of talented young people enter graduate study in all disciplines. We believe such support vital, and Mr. Simon's bill responds to this need by establishing and authorizing funds for a National Graduate Fellowship Program named after one of the nation's greatest legislators, and former colleague, the distinguished Senator from New York, Jacob K. Javits.

Four hundred and fifty "Javits Fellowships" would be awarded annually, for graduate study in the arts, humanities and social sciences and areas of national interest as designed by your proposed Graduate Fellowship Board. These fellowships are to be awarded on the basis of merit.

Fellowship awards, such as those proposed in Mr. Simon's bill, are crucial to offset the decline in Federal support that has been underway for over a decade. Particularly important is the provision of fellowships in the arts, humanities and social sciences, where declining enrollments threaten the loss of entire fields of knowledge.

GPOP.—Chairman Simon's bill would also follow another recommendation of our Commission in substantially expanding the Graduate Professional Opportunities Program (GPOP), which is targeted to minorities and women, and in raising the size of a GPOP fellowship from $4,500 to $9,000. This increase brings the stipend to a more realistic level, and one that is comparable to other Federal programs. These fellowships will be awarded on merit, with universities to direct awards to the neediest students.

CLEO.—The Commission also called for support of programs that enhance minority student participation in professional studies. Mr. Simon's bill proposes increases for Assistance for Training in the Legal Profession (CLEO), authorizing $5 million in fiscal 1986 and adding $1 million each year thereafter for the next four years.

Mr. Chairman and members of the Subcommittee, allow me to summarize my testimony.

Chairman Simon's bill directly responds to key concerns of the Commission in the following ways:

1. It reverses the trend of declining Federal support for graduate students by providing for new Federal fellowships, by targeting some college work-study funds for graduate students and by altering Federal loan program and eligibility rules to make it easier for graduate students to borrow and repay.

Furthermore, Mr. Simon's bill attempts to shift support from loans to student aid which is important in order to a) attract the best students to pursue graduate degrees, and b) lessen the burden on minorities and women.

2. Mr. Simon's bill expands the grant programs available to women and minorities who pursue graduate and professional degrees.

3. The Simon bill maintains and expands support for international education programs to meet the need for highly trained experts in foreign languages and cultures.

4. The Simon bill recognizes a Federal commitment to ensure that graduate laboratories and libraries are of high quality. Although the proposed levels of funding are, still to my mind, inadequate to maintain and enhance university facilities, I recognize that only part of the problem can be addressed in the programs under the jurisdiction of this Subcommittee.

Mr. Chairman, in our report on graduate education, the National Commission on Student Financial Assistance notes the challenges facing our nation that call for a reinvigorated graduate enterprise and asks the question: "Are we ready?"

Mr. Chairman, today we are not. But the passage of the legislation you propose would give me hope that we can be.

HEARINGS ON THE REAUTHORIZATION OF THE HIGHER EDUCATION ACT

FRIDAY, MARCH 30, 1984

HOUSE OF REPRESENTATIVES,
COMMITTEE ON EDUCATION AND LABOR,
SUBCOMMITTEE ON POSTSECONDARY EDUCATION,
St. Louis, MO.

The subcommittee met, pursuant to call, at 1:10 p.m., in Lopata Hall, St. Louis, MO, Hon. Paul Simon (chairman) presiding.

Members present: Representatives Simon and Coleman.

Staff present: Marsha Nye Wice, legislative assistant; John Dean, Republican assistant counsel; and Rose DiNapoli, Republican legislative associate.

Mr. SIMON. The subcommittee hearing will come to order.

I'll simply enter my opening remarks in the record. But let me add it's a real pleasure to be here at Washington University once again for me. I don't know that our subcommittee has formally ever held hearings here, but, Mr. Chancellor, we're pleased to be here. I'm particularly pleased to be with my colleague who is the ranking Republican on our subcommittee, Tom Coleman, who's been a very constructive, solid member of our subcommittee, and of the House of Representatives.

And we appreciate the contribution that he is making, and for those of you maybe from his district that you're making through him to educational policy.

When we talk about higher education we're really talking about where we're going as a country. And we are in that process now of starting to move on reauthorization of the Higher Education Act. The question is where do we go. Do we just tinker? Do we do some dreaming? Do we do the kinds of things that need to be done to really move this country ahead? Or do we just kind of drift with the status quo?

That's kind of—those are the kind of basic questions we face. But we also face very practical problems for those of you who've seen our bill. I don't know how many pages long it is.

Ms. WICE. It's only 350.

Mr. SIMON. Three hundred and fifty pages long. You're talking about a lot of details that are very important and so we're pleased to be here to have your testimony.

[Opening statement of Congressman Paul Simon follows:]

OPENING STATEMENT OF HON. PAUL SIMON, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF ILLINOIS AND CHAIRMAN, SUBCOMMITTEE ON POSTSECONDARY EDUCATION

I am pleased to be in St. Louis today to Chair this hearing on the Higher Education Act Reauthorization. Today's hearing continues hearings that we began in Washington this week, and my colleague Tom Coleman has arranged a very well balanced and comprehensive schedule of testimony.

While Tom represents the minority position on the Postsecondary Education, we have always worked together very closely in developing legislative initiatives. I have the greatest respect for his intellect and political prowess. I am extremely pleased too, that we represent two great midwestern states, Illinois and Missouri. I believe that we truly represent the heart of America.

I am looking forward to hearing today's witnesses and I am especially interested in receiving recommendations regarding the proposals in H.R. 5240 that make modifications in federal student financial aid programs, including making the Pell Grant program an entitlement, merging SEOG, NDSL and SSIG into campus-based block grant.

I am also very much interested in an assessment of my proposals for faculty and student study abroad and for support of international education programs.

H.R. 5240 addresses a number of the needs of graduate education outlined in the report of the National Commission on Student Financial Assistance. "Signs of Trouble and Erosion: A Report on Graduate Education in America." I am interested in hearing the testimony on these proposals, as well as the additional institutional support Tom Coleman is suggesting for graduate education.

In addition, I am interested in hearing suggestions of additional programs that should be included in the reauthorization.

Again, I'm pleased to be here, to see many of my old friends from the St. Louis area and across Missouri, and especially those of you from Washington University.

Mr. SIMON. Let me just say to all the witnesses before I call on my colleague, that your formal statements will all be entered into the record. If you wish to read them you may. If you wish to summarize we can devote more time to questions. That frequently is helpful.

Mr. Coleman, do you wish to add anything here?

STATEMENT OF HON. TOM COLEMAN, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF MISSOURI

Mr. COLEMAN. Well, Mr. Chairman, I thank you for those kind words. I wrote them down to remind you when we get back to Washington.

It's a special privilege to have our hearings today on the campus of Washington University. As a graduate of the law school here, I spent 3, which seemed like 10 years at the time, short years in law school. I met Marilyn, my wife, on campus here as an undergraduate student.

So, we have many fond memories of the school and of the people involved. It's also appropriate that I was able to attend this law school as a result of student aid and assistance, which, as you know also, I have paid off in the meantime. But, I am a product of the very work that we're here to hear from you about today.

Paul mentioned some of the obvious concerns that you have and that we have. I think all of our remarks today and our questions, and indeed our very legislating, is being done in an atmosphere of budget restraint. We simply do not have adequate funds to do all the things that we all know that are necessary in higher education. Therefore, our wish list, while it might not be very long, is going to have to be somewhat restrained by circumstances.

Especially today we are going to hear about graduate education—about foreign language training in specific.

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All are very important to the chairman and me, and I want to say that it has been very enjoyable for me to work with Paul Simon and the chairman of the subcommittee for the last 4 years. We've gotten much accomplished working on a bipartisan level. While Paul is going on to lesser things and leaving the House, we certainly want to continue that working relationship and the opportunity to work together.

So, I thank him for having our hearings here today, and he did ask if we wanted to come out to Missouri and I said "yes, I'd like to come to St. Louis." So that's why we're here, and I thank you for this opportunity to hear from people in this community. And I will also submit my statement for the record.

Mr. SIMON. I mentioned at a luncheon meeting we were at Tom claims to be the alumnus of every school we visit. I want you to know that.

For introductory remarks we're pleased to call on Dr. Shaila Aery, the commissioner of higher education with the Coordinating Board for Higher Education from Missouri.

STATEMENT OF DR. SHAILA AERY, COMMISSIONER OF HIGHER EDUCATION, COORDINATING BOARD FOR HIGHER EDUCATION, MISSOURI

Dr. AERY. Thank you, Congressman Simon, Congressman Coleman.

My comments today, introductory comments, will be limited to the areas of special interest to the State Higher Education Executive Officers Group, referred to as SHEEO.

Now, obviously there are all kinds of concerns that are unique only to certain States and no one position can address all these areas of concern, but I will focus on some of the common concerns that we have and use Missouri as an example where possible.

An important SHEEO goal in this whole reauthorization is to foster the restoration of the historical balance of the Federal and State relationship. And this is not to say the Federal Government does not have a role in insuring access to post-secondary education, supporting the maintenance of quality and innovation, and promoting national priorities.

There is a concern, however, among SHEEO that the balance of the Federal and State relationship may have been eroded to the detriment of the States. It is the State Higher Education Executive Officers' position that Federal higher education policy should seek to achieve the following:

1) Consistent as well as equitable access to student financial assistance;

2) recognition of the responsibility of the States to plan and coordinate the provision of higher education within their boundaries, including the establishment of priorities unique to each State; and

3) flexibility in the promulgation of rules and regulations that allow for the differences among States and the limitations they face when attempting to respond to changing Federal requirements.

The Missouri Board and other State higher education agencies have responsibilities that must be integrated with Federal higher

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education legislation to insure that Federal programs are, in fact, consistent with the concept of the Federal/State partnership, and the primacy of the States in providing education.

The role of the State Higher Education Agency should be considered as each Federal program is evaluated. While there are clearly programs for which State involvement is unnecessary, it is the SHEEO position that certain of the existing Higher Education Act programs require more direct involvement.

As the State officials responsible with the oversight and coordination of higher education, the member of SHEEO do not seek the displacement of Federal Government. Rather, our proposals are intended to bring the relationship between our agencies and the Federal Government into harmony that is required for the establishment of agreed upon objectives.

Statewide boards have the unique responsibility for both statewide planning in the States, and as an instrument of public policy. They serve an important role of informed lay spokesman for the public interest with regard to higher education. Even in the most stable of times, it is a difficult task to recommend public policies which address a State's needs for higher education, to accurately forecast those needs, and to develop an adequate State master plan to meet those needs. This task becomes particularly difficult in a time of change and uncertainty.

Shifting demographics, changing enrollment patterns, changing programmatic demands, and discal constraints have to be accommodated in the statewise planning process. The fundamental shift in the environment, I believe requires that higher education is operating in requires an equally fundamental shift in higher education policies and practices at the State and Federal level. And let me use Missouri as an example here.

To affect a positive change in the trends that we're seeing in Missouri and to improve Missouri's economic future, will require a significant amount of work and effort on the part of the State's citizens in general, and on the part of the higher education in particular. Affecting a competitive future of Missouri will require both of the following responses:

An improvement in Missouri's capacity to finance higher education with targeted investments by the State to respond to the State's needs for research and development, manpower, and technology transfer, and to assist the institutions or public institutions with inflationary increases.

Second, planned reallocations by institutions to concentrate resources in priority programs and to achieve a greater diversity in our State's system of higher education.

The Missouri Board has identified the following objective if the State is to build a more positive future than is depicted by the current trends.

Increasing the knowledge and skill level of a smaller entering work force by improving the rates at which all young people, and particularly minority youth, complete high school and enter and complete postsecondary education;

Improve the ability to Missouri higher education institutions to recruit and retain the most capacity faculty;

To increase the access of Missouri's agriculture, business, and industry to both basic and applied research and state of the art technology transfer opportunities;

To provide effective and efficient retraining for the older portion of the work force;

To maintain the structural and adequacy of our physical plants;

And to provide the library resources and instructional equipment necessary to the above.

With these goals in mind and with the information provided me by other SHEEO Executive Officers, I will address only five of the titles today, and, again, because of the importance to the State of Missouri, and also because what we believe, and I certainly believe in SHEEO, the outstanding need for simplification and clarification of the national policy. And some coordination with the State's role in education.

Title II is the first one I would like to address very briefly. And it's the SHEEO position that the purpose of this title should remain intact and that attention and resources should be focused on strengthening our investment in research libraries.

In Missouri we are developing library networks for the purpose of sharing resources between our academic and public libraries, and kind of Federal incentive funding to encourage such networks would be an appropriate use of expenditures.

With regard to title III, institutional aid, the SHEEO position is that it is time to simplify institutional aid with fewer categories of assistance and to provide the aid to the institutions which Congress intended to fund.

Missouri currently has give predominantly black or historically black institutions which would directly benefit from the proposals established. In the fall of 1983, 38 percent of all students enrolled in these five institutions were minority students. Because of the changing needs of the State, it is important that applicant institutions be required to demonstrate that their proposed use of title III assistance is consistent with the existing State plans and authorizations, or that an application for authorization is pending before the State Higher Education Agency.

In title IV, student financial assistance—and I know that the panel later will address this—we have a panel of experts to address this, but the student financial aids are an important part of financing higher education. And the Missouri Department of Higher Education, a coordinating board, has both the Guaranteed Student Loan Program, and the Missouri Grant Program.

We have had a rapid increase in fees in our State in the last 3 years. Over 70 percent in the public 4-year institutions, and over 50 percent in the public 2-year institutions. Our students have become more and more reliant upon financial aids.

The total volume of loans in Missouri Student Loan Program, which was began in October 1979, is approximately $423 million. The success of this loan program is directly related to 655 Missouri lenders who provide the capital for our students, although we know that students are becoming heavily reliant on loans, and we need to examine other alternatives to the loan program.

One existing alternative is the Missouri Student Grant Program. We have approximately 118,000 grants over the last 10 years. Of

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the total, 58 percent have gone to students in the public sector, and 41 percent have gone to students attending Missouri's independent colleges.

In terms of dollars awarded, $13 million have gone to students attending public institutions, and $40.9 million to those attending independent institutions.

In the current year we were able to find only 20 percent of the eligible students for the grant program because of limited resources. In addition, I would say that if higher education is to remain a viable option for Missourians, the Pell Grant awards need to be increased so that the balance between loans and grants is reaffirmed.

With regard to loans, I want to congratulate Representative Simon, and I extend my support to the elimination of the 5-percent origination fee, higher loan limits, extended repayment terms, and the consolidation of all Federal loan programs.

The legislative improvements proposed for the collection of loans is also important and necessary in controlling the costs of the student loan program. I know that the student financial aid panel will more specifically address the following items, but I would encourage you not to reduce the special allowance provided lenders in the interim status of guaranteed student loans. All of our loans in Missouri are made from private commercial lenders. Nothing should be legislated to diminish those taxpaying organizations from participating in the loan program.

I would also encourage you to review and analyze NCHELP's proposal for needs analysis. Students with family incomes over $65,000 should not be automatically eliminated from the student loan program. In today's world of the necessary two income families, both incomes may be high, but that does not necessarily mean that $6,000 to $14,000, or more, per student, can be set aside to meet the high cost of education. On the other hand, it also seems unreasonable to ask for an institution to have to complete a needs analysis for an income of less than $10,000 to determine eligibility.

Also included in the bill is a proposal to eliminate SSIG funds and create campus-based block grants. While the idea of block grants is extremely attractive, I must reaffirm that the elimination of Federal funds would result in the elimination of the Missouri Student Grant Program. And without the Federal incentive, there would be an attempt to target the State dollars provided for the grant program for other purposes. The importance of the grant program in Missouri, and to the Missouri board's goals, and to the State goals, is maintain diversity that we have in Missouri higher education, and through the independent institutions.

To go one step further, I would like to suggest that Federal funds be provided to States for a State administered college work study program. In Missouri such legislation has a very good chance of passing this year, but with few available dollars not enough students will be assisted.

And, finally, with regard to title IV, your efforts to simplify the student financial aid programs, and establish a master calendar, should reduce the public's confusion, and is to be applauded.

Title VII on academic facilities: The proposed changes for academic facilities will not meet the needs in Missouri. The State has

not been able to fund maintenance and repair needs in recent years, let alone have the ability to provide matching funds as provided in title VII.

There currently exist in Missouri's public 4-year institutions only approximately $46 million in critical maintenance projects with no funding in sight for fiscal year 1984.

It would appear that the new emphasis in title VII would have institutions provide a 50 percent match from State or private funds to reach the low interest loan, and few of our institutions in Missouri could avail themselves of this option.

Although there is a mention of the study conducted by the Association of American Universities in the draft paper, the proposal does not sufficiently address the lack of available resources to modernize science and engineering facilities. One hundred million dollars of matching funds simply will not address or begin the task at hand.

With regard to title IX and graduate education, the extension of graduate program funding with an emphasis on targeting those dollars to groups traditionally not pursuing graduate degrees is important. I support your efforts and believe for these groups having other resources of aid available, besides loans, will provide incentives to have more women and minorities attain post-graduate degrees.

In Missouri the minority population has leveled off in the 1970's and early 1980's in graduate programs and women's participation has increased.

I am also concerned, however, that all students have financial access to graduate programs. Currently, the primary source of financial assistance for most graduate students in Missouri is through loan programs provided in title IV, which could mean a $40,000 debt, or higher if loan limits are increased. Monthly payments for these large debts can be as high as $500 per month, requiring an income exceeding $60,000 if one assumes that educational debt comprises 15 percent of the pretax income.

There is also in this concern for students from middle-income families meeting the high cost of graduate education. Loan sources do not meet the total cost of education, which creates the need for parental financial support. If the students receive parental support, loan eligibility can be hampered. And this circular criteria for meeting eligibility results in students deciding not to attend graduate education, and can be particularly difficult, I think, if we do not encourage this in the fields in Missouri in engineering, agriculture research, health, and computer science. We think incentives need to be provided in these fields if we're to lose our best or new teachers and researchers.

In closing then, SHEEO believes there is a need for clarification of purpose and priorities of the Federal/State relationship in education. As we have found in Missouri, our student populations and their needs, and our State's investment needs in higher education, have changed drastically over the past 5 years.

In Missouri we believe that higher education is not only a worthwhile public value, but also that the investment in higher education is absolutely essential to future economic growth in our State. As our Nation and State undergo important structural changes in

the economy we will need more and better education to increase our Nation's productivity and competitive advantage. For institutions, that means they can no longer afford the luxury of "business as usual."

For the Federal and State governments, it means we must continue to invest in higher education but with greater clarity of purposes and priorities.

[Prepared statement of Dr. Shaila Aery follows:]

PREPARED STATEMENT OF DR. SHAILA AERY, MISSOURI COMMISSIONER OF HIGHER EDUCATION, ST. LOUIS, MO

My comments will be limited to areas of special interest to the State Higher Education Executive Officers (SHEEO). There are concerns that are unique to individual states and no one position can address all of them but there are areas which are common to all states. I shall focus on these common concerns by using Missouri as an example.

An important SHEEO goal is to foster the restoration of the historical balance of the federal-state relationship. This is not to say the federal government does not have a role in ensuring access to postsecondary education, supporting the maintenance of quality and innovation, and promoting national priorities. There is a concern, however, that the balance of the federal-state relationship may have eroded to the detriment of the states. It is the SHEEO position that federal higher education policy should seek to achieve: (1) consistent as well as equitable acess to student financial assistance; (2) recognition of the responsibility of the states to plan and coordinate the provision of higher education within their boundaries, including the establishment of priorities unique to each state; and (3) flexibility in the promulgation of laws and and regulations that allow for the differences among the states and the limitations they face when attempting to respond to changing federal requirements.

The Missouri Coordinating Board for Higher Education (CBHE) and other state higher education agencies (SHEA) have responsibilities that must be integrated with federal higher education legislation to ensure that federal programs are in fact consistent with the concept of the federal-state partnership and the primacy of the states in providing education. The role of the state higher-education agency should be considered as each federal program is evaluated. While there are clearly programs for which state involvement is unnecessary, it is the SHEEO position that certain of the existing Higher Education Act programs require more direct involvement. As the state officials responsible with the oversight and coordination of higher education, the members of SHEEO do not seek the displacement of federal government. Rather, our proposals are intended to bring the relationship between our agencies and the federal government into the harmony that is required for the establishment of agreed upon objectives.

Statewide boards have the unique responsibility for both statewide planning in the States for higher education while serving and as an instrument of public policy. They serve an important role of informed lay spokesman for the public interest with regard to higher education. Even in the best and most stable of times, it is a difficult task to recommend public policies which address a state's needs for higher education, to accurately forecast those needs, and to develop an adequate state master plan to meet those needs. This task becomes particularly difficult in a time of change and uncertainty. Shifting demographics, changing enrollment patterns, changing programmatic demands, and fiscal constraints have to be accommodated in the statewide planning process. The fundamental shift in the environment, I believe, requires an equally fundamental shift in higher education policies and practices at the state and federal level. Let me use the state of Missouri as an example.

To affect positive change in the current trends and to improve Missouri's economic future will require significant effort on the part of the state's citizens in general, and on the part of the higher education institutions in particular. Affecting the competitive future of Missouri will require both of the following responses:

An improvement in Missouri's capacity to finance higher education with targeted investments by the state to respond to the state's needs for research and development, manpower, and technology transfer, and to assist the institutions with annual inflation.

Planned reallocations by institutions to concentrate resources in priority programs and achieve greater diversity in the state's system of higher education.

The Missouri Board has identified the following objectives if the state is to build a more positive future than is depicted in the current trends and projections.

Increasing the knowledge and skill level of a smaller entering work force by improving the rates at which all young people, and particularly minority youth, complete high school and enter and complete postsecondary education;

Improve the ability of Missouri higher education institutions to recruit and retain the most capable faculty;

Increase the access of Missouri's agriculture, business, and industry to both basic and applied research and state of the art technology transfer opportunities;

Provide effective and efficient retraining for the older portion of the work force;

Maintain the structural and functional adequacy of the physical plant;

Provide the library resources and instructional equipment necessary to the above.

I am addressing five titles of the Higher Education Act in my remarks because of their importance to the state of Missouri, and because of the outstanding need for simplification and clarification of a national policy coordinated with the states' role in education.

TITLE II—LIBRARIES

The SHEEO position is that the purpose of this title should remain intact and that attention and resources should be focused on strengthening our investment in research libraries. In Missouri, we have developed library networks for the purpose of shared resources between our academic and public libraries. Federal incentive funding to encourage networks is an appropriate expenditures.

TITLE III—INSTITUTIONAL AID

The SHEEO position is that it is time to simplify institutional aid with fewer categories of assistance and to provide the aid to the institutions which Congress intended to fund. Missouri has five predominantly or historically black institutions which would directly benefit from the proposals established in the bill. In the fall of 1983, 38 percent of all students enrolled at these five institutions were minority students. Because of the changing needs of states it is important that applicant institutions be required to demonstrate that their proposed use of Title III assistance is consistent with the existing state plans and authorizations, or that an application for authorization is pending before the state higher education agency, if such would be required to carry out the program.

TITLE IV—STUDENT FINANCIAL ASSISTANCE

Student financial aids are an important part of the financing of higher education. With the rapid increase in fees, Missouri students have had to rely more and more on financial aids. The total volume of loans in the Missouri Guaranteed Student Loan Program is approximately $423 million. The success of the loan program is directly related to the 655 Missouri lenders who participate in the program. Students have had to rely so heavily on loans that we are beginning to see students accumulating long-term debt. We must continue to examine alternatives to loan programs. One existing alternative is the Missouri Student Grant Program. Approximately 118,428 grant awards have been made in the ten years of this program. Of the total, 58.4% have gone to students in the public sector, and 41.2% have gone to students attending Missouri's independnent colleges. In terms of dollars awarded, $13.2 million have gone to students attending public institutions and $40.9 million to those attending independent institutions. In the current year, approximately 20 percent of the eligible students were awarded grants because of limited state resources. If higher education is to remain a viable option for Missourians, the Pell Grant awards need to be increased so that the balance between loans and grants is reaffirmed. Grants should especially be available to students attending the first two years of postsecondary education.

Representative Simon is to be congratulated and I extend my support to the elimination of the 5 percent origination fee, higher loan limits, extended repayment terms, and the consolidation of all federal loan programs. The legislative improvements proposed for the collection of loans is also important and necessary in controlling the costs of the student loan program. Although the student financial aid panel will more specifically address the following items, I encourage you not to reduce the special allowance provided lenders in the interim status of guaranteed student loans. All loans made in Missouri are from private commercial lending institutions. Nothing should be legislated to diminish these tax-paying organizations from participating in the guaranteed student loan program.

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I also encourage you to review and analyze NCHELP's proposal for a needs analysis. Students with family incomes over $65,000 should not automatically be eliminated from the student loan program. With today's reality of necessary two-income families, both incomes may be high, but that does not necessarily mean $6,000 to $14,000 or more per student can be set aside to meet the high costs of education. On the other hand, it also seems unreasonable for an institution to complete a needs analysis for an income of less than $10,000 to determine GSL eligibility. NCHELP's recommendations fairly address these concerns while requiring students to demonstrate need.

Also included in the bill is a proposal to eliminate SSIG funds and create Campus Based Block Grants. While the idea of block grants is extremely attractive, I must reaffirm that the elimination of the federal funds could result in the elimination of the Missouri Student Grant Program. Without the federal incentive, there could be an attempt to target the state dollars provided for the grant program for other purposes. This is especially true in a time of fiscal constraint.

To go one step further, I would like to suggest that federal funds be provided to states for a state administered college work-study program. In Missouri, such legislation has a very good chance of passing this year, but with few available dollars, not enough students will be assisted. Your efforts to simplify the student financial aid programs and establish a master calendar should reduce the public confusion, and is to be applauded.

TITLE VII—ACADEMIC FACILITIES

The proposed changes for academic facilities will not meet the needs in Missouri. The state has not been able to fund maintenance and repair needs in recent years, let alone have the ability to provide matching funds as provided in the proposed Title VII. There currently exist in Missouri's public institutions approximately $46 million in maintenance projects with no funding in sight for FY 1985.

It appears the new emphasis in Title VII would be to have institutions provide a 50 percent match from state or private funds to receive a low interest loan. Few institutions in Missouri could avail themselves of this option. Although there is mention of the study conducted by the Association of American Universities in the draft paper, the proposal does not sufficiently address the lack of available resources to modernize science and engineering facilities. One hundred million dollars of matching funds simply will not begin the task at hand.

TITLE IX—GRADUATE EDUCATION

The extension of graduate program funding with an emphasis on targeting these dollars to groups traditionally not pursuing graduate degrees is important. I support your efforts and believe for these groups having other sources of aid available, besides loans, will provide incentives to have more women and minorities attain postgraduate degrees. In Missouri, minority participating leveled off in the 1970's in graduate programs whereas women's participating increased.

However, I am also concerned that all students have financial access to graduate programs. Currently, the primary source of financial assistance for most graduate students is through the loan programs provided in Title IV, which could mean a $40,000 debt, or higher if loan limits are increased. Monthly payments for these large debts can be as high as $500 per month requiring a starting income exceeding $60,000 if one assumes that educational debt comprises 15 percent of the pre-tax income.

There is also the concern for students from middle income families meeting the high cost of graduate education. Loan sources do not meet the total cost of education, which creates the need for parental financial support. If the students receive parental support, loan eligibility may be hampered. This circular criteria for meeting eligibility results in students deciding not to attend. Graduate education must be particularly encouraged in the fields of engineering, agriculture research, health, and computer science. Incentives must be provided if these fields are not depleted of future teachers and researchers.

There is a need for clarification of purpose and priorities of the federal-state relationship in education. As we have found in Missouri, our student populations and their needs, and our state's investment needs in higher education have changed drastically over the past five years. In Missouri, we believe that higher education is not only a worthwhile public value, but also that the investment in higher education is absolutely essential to future economic growth in our state. As our nation and state undergo structural changes in the economy, we will need more and better education to increase our nation's productivity and competitive advantage. For insti-

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tutions, that means they can no longer afford the luxury of "business as usual." For the federal and state governments, it means we must continue to invest in higher education but with greater clarity of purpose and priorities.

Mr. SIMON. Thank you very much.

Dr. AERY. I apologize. I've had the flu and I didn't think I'd make it through.

Mr. SIMON. Thank you for your testimony. Let me just comment briefly on two of your suggestions. And we will be weighing your other suggestions.

We have not moved very heavily into the academic facilities, and the science and engineering aspects of it. Simply because you're talking about huge dollars and we are—the package we put together already is being criticized as too heavy in the dollar area. We recognize particularly the severe problem in the science and engineering area but our hope is that NSF may pick up some of the burden there, and that we won't have to weigh down our bill with that.

The other point you make that is a very valid point, and that is increasing the knowledge and skill level of those who are frequently dropping out of school now, making sure that they go on. Very interesting as you look at the demographics is right now we're projecting roughly a 20-percent drop, probably a little less than that over the next 10 years.

But, if we had the same percentage of Hispanics, blacks, and women who graduate from high school who would go on to college as we do, white males, there would be no drop in the student enrollment in the next 10 years. What we clearly have to do is to give more people a chance to make sure they can get to college. And if, on top of that, we could diminish the dropout rate, particularly in the Hispanic population, which is very heavy.

Black population also has a not quite as bad as Hispanic population, but a fairly high dropout rate, too. If we could lift those levels, and here we're obviously talking about elementary and secondary programs, that also obviously would have a major impact on the Nation.

Tom.

Mr. COLEMAN. Dr. Aery, thank you for your statement. What do you think Missouri's legislature's feeling would be?

You said that under the facilities section that you're not able to come up with matching funds in any form. What if there was a Federal merit-based student scholarship program which would require a matching base of 25 percent from a local government?

Do you think that Missouri would participate in such a program?

Dr. AERY. Yes; I think the General Assembly would favor such an program, but, we're talking about the same kind of thing of limited resources. I think it would be moved from some other part of the higher education budget. And I don't know what tradeoff we would make there.

Mr. COLEMAN. But, you——

Dr. AERY. But, I think they would be——

Mr. COLEMAN [continuing]. You think that they would be——

Dr. AERY. Yes, I do.

Mr. COLEMAN [continuing]. Responsive to that sort of thing?

Could you give me one outstanding example of how higher education in Missouri has reacted to this renewed interest in excellence in education? What would you point to, with pride, that has happened in this State within the last several years that encourages excellence in our institutions?

Dr. AERY. I think there are several very good examples. The one that comes first to my mind within our public 4-year sector is at Northeast Missouri State University in Kirksville, what we call a Value Added Program, and how they have demonstrated over the last 4 years particularly how much they have been able to add to the learning of our students and the outcome measures. It is an outcome measure.

We always focus on process in education, and much less looking at outcome measures. And we are looking more and more in that, but there are also efforts with elementary, secondary, raising admission requirements. The University of Missouri has just finished reexamining their admission requirements which will have incredible effect upon the public school system when the University of Missouri changes their admission credits.

Mr. COLEMAN. Thank you.

Mr. SIMON. We thank you very, very much.

Now, we're going to hear from a panel of college and university presidents. First, our host, Dr. William Danforth, the chancellor of Washington University.

STATEMENT OF WILLIAM H. DANFORTH, CHANCELLOR, WASHINGTON UNIVERSITY

Mr. DANFORTH. Chairman, Mr. Coleman, thank you very much. It's a great pleasure to welcome the two of you back to St. Louis and Washington University. It is a particular delight to welcome Tom Coleman. And if there is any doubt about his graduation, the legal counsel of Washington——

Mr. SIMON. Serious doubt.

Mr. DANFORTH. Well, if there's any challenge from any other institutions that would like to claim him, the legal counsel here is going to come and testify before this committee. And it's—

And it's a pleasure also to welcome back Chairman Simon who has been on our campus before, and is well known as a great friend of higher education, and a man of great insight into the needs of educating our citizenry. And I just might underscore his dedication to foreign language study which has meant a lot to us at Washington University.

I appear today as chancellor of an institution with 64 percent of our undergraduate and a large number of our graduate and graduate professional students on financial aid. I am very interested in the work of this committee. I can think of nothing more important to Washington University, or the long run interests of the Nation.

My testimony is an overview. Later on you will be hearing from Mr. Ben Sandler, the director of student financial aid, and Dr. Edward Wilson, dean of the Graduate School of Arts and Sciences, both of Washington University, who are more expert than I on various aspects of the bill.

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Let me comment briefly on title IV, the centerpiece of the Higher Education Act. The parts of title IV express Federal policy that supports access to higher education, and also some degree of choice among institutions for students who require financial aid.

The array of Federal programs designed to secure these goals were sometimes thought to be very confusing. But they've been carefully and painfully hammered out to take into account both the needs of families and the differing types of institutions of higher education.

In the public sector, a large portion of the cost of education is, of course, paid by the taxpayers of the State, without regard for student need.

In the independent sector of higher education, for the most part, State tax funds are not available, and tuition charges have had to climb rapidly to meet mounting costs.

As this has happened, the gap between the tuitions charged by the public sector, in the independent sector, has widened over the last decade or so.

We, of course, don't ever expect the gap to be filled by financial aid, but the programs have achieved a balance that helps not only to insure access, but to meet these differing institutional requirements, and maintain some choice.

I think the balance in the programs have really served their goals quite well, and urge caution in making change in the existing program structures. And I am for improvement and not for the status quo, I think we could do things better, but I do like the essential framework.

The key to the framework is, of course, the Pell grant, primarily designed for access by needy students. Also, we have the campus-based programs that parallel the Pell grants.

These operate effectively on both public and private campuses, but their impact on independent higher education is critical. SEOG, NDSL, College Work Study Programs, are instruments of choice. They're allocated to institutions in such a way that each can make the wisest use of the funds in completing realistic award packages for needy students.

The importance of balance among all these programs I've been trying to emphasize. To complete the backdrop we're, of course, all aware of the Federal budget and the cloud that hangs over the Federal budget in the form of the deficit. If there weren't any concerns about the level of Federal funding we wouldn't have to pay so much attention to balance among programs.

The Pell Grant Program could be financed at a level high enough to solve our problems, but given finite resources, it seems to me a carefully constructed mix is necessary to achieve our long-range goals.

I am in the view, in the light of budgetary constraints, Mr. Chairman, somewhat concerned about the advisability of making Pell grants an entitlement, or of increasing the percentage of cost that they are permitted to meet. I applaud the motivation for these suggested changes. Pell grants are obviously—the draft bill is designed to make Pell grants more meaningful for the neediest students, and to assure the adequate appropriation of funds.

The fear, hopefully unfounded, if this goes through would be that the pressure then would be put on the other student aid programs, and they might receive a depressed level of funding as we discussed at lunch time.

I have some concerns about making campus-based programs a block grant. The creation of block grants might make an easier target for reduced appropriations. And the separate programs also are easier to defend. They offer more possibilities for sensible adjustments among the programs by Congress from year to year. And each type of campus-based program gives a different instrument which may be differently apportioned or differently used among institutions and among States from time to time to meet special circumstances.

I do emphasize again the, in my view, the present balance works quite well. Not perfectly, and that it's a good framework on which to begin.

On the Guaranteed Student Loan Program I reluctantly urge that the maximums on the loans be increased. They are just less and less able to provide for the needs of undergraduates and graduates as inflation in the past has crept up and the costs have continued to increase. To compensate in part for the increased costs of raising the ceilings I support an increase in the minimum monthly payment, and the application of a rigorous needs test for all prospective borrowers, not just those with incomes over $30,000.

At the same time I share Dr. Aery's concern about putting an arbitrary limit on GSL support to students whose families have incomes under $65,000. Many families with income over $65,000 do have demonstrable need for GSL support. I think a more flexible approach might work better.

I support the concern that's been expressed about student family debt. One indispensable mechanism for managing student debt is a loan consolidation and repayment extension program like the one recently managed by the Student Loan Marketing Association. I applaud this provision in the draft legislation.

Mr. Chairman, I would like to emphasize, as you and others have, the importance of retaining and strengthening the programs of special assistance to disadvantaged students, the Trio Programs.

At the graduate level we at Washington University have been especially impressed with the Graduate and Professional Opportunities Program, the G-POP Program, as being a valuable way of encouraging women and minorities to enter new fields of study. We've been very proud of our students and believe that the institutional support has been well developed.

I do, of course, give great importance to the support of students and resources for graduate and professional education.

Graduate student aid ought to be the area where merit is recognized along with need. It's terribly important to get some of our most able young people into graduate programs. A variety of programs might be considered.

Competitive fellowship programs, programs like the old NDEA fellowships with allocations to good graduate departments, seem to me particularly important.

Some programs would fit best within the Higher Education Act. Others should be the purview of the National Science Foundation or research supportive Federal agencies.

We generally support the recommendations of the Brademas Committee; certainly training in the House of Representatives. It's good training to be president of a university.

I note a very able person who's done a great job. He has underscored the need for not only graduate student support, but also the complimentary needs for improving facilities, laboratories, and equipment which are critical to graduate education.

Other initiatives have been proposed, as you know, for restoring the research capacity of American universities, and the budgets of the research supporting Federal agencies should reflect these needs.

Continuation of academic facilities authority in title VII of the Higher Education Act, and the renewal of its funding, could aid in the adaptation of older laboratories to the demands of more sophisticated contemporary research.

There are other programs that really have to be mentioned. The administration's proposed 1985 budget has no new funding for college libraries and research libraries. We believe that's a shortsighted view, and hope the proposals for reauthorization contain a different course.

Among your proposals, Mr. Chairman, I am attracted to the Carl Perkins scholarship to encourage bright high school students to enter teacher training programs.

Most particularly, all of higher education has for years appreciated your efforts to remedy deficiencies in the foreign language skills.

As I noted earlier in the proposed title VI on international education, will, I am sure, be widely supported.

Thank you for this opportunity to speak to you today.

[Prepared statement of William H. Danforth follows:]

PREPARED STATEMENT OF WILLIAM H. DANFORTH, CHANCELLOR, WASHINGTON UNIVERSITY

Mr. Chairman, it gives me great deal of pleasure to welcome this subcommittee to St. Louis and to Washington University. It is a particular delight to welcome Chairman Simon and Representative Coleman. Representative Coleman is returning to the campus where he received his law degree. Chairman Simon has long been a friend of Washington University and is known nationally as a great friend of higher education. Both have displayed a high level of bipartisan cooperation in forwarding the vital work of this committee. The issues in the reauthorization of the Higher Education Act are worthy of careful study.

I appear today as Chancellor of an institution with 64 percent of the undergraduate and many graduate and graduate professional students receiving financial aid. I am deeply interested. My presentation will be an overview. Later Ben Sandler, the director of student financial aid at this university, and Dr. Edward Wilson, Dean of the Graduate School of Arts and Sciences at Washington University, will speak to you on their areas of expertise.

Title IV remains the centerpiece of the Higher Education Act. The programs in Title IV are the expression of a federal policy that supports access to higher education, and the opportunity for some degree of choice among institutions, for students with financial need.

The array of federal programs designed to secure those goals has been carefully thought out to take into account both the needs of families and the differing types of institutions of higher education. In the public sector, a very large portion of the

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cost of education is paid by the taxpayers of the state, without regard to student need. In the independent sector of higher education, for the most part, state tax funds are not available, and tuition charges must play a much more important role in meeting costs.

As costs of all institutions have risen, tuitions in the independent sector have had to rise to meet those costs. As a result, the gap between tuitions charged in the independent sector and tuitions or fees charged in the public sector has become larger and larger. Although this gap will never be filled by federal student financial aid, the existing programs of federal aid to students have been delicately balanced to help maintain not only access to higher education for students in need, but also some choice of institutions, public and independent.

This important balance has produced a system of student financial aid which has served its purposes quite well. I therefore urge caution in making major changes in the existing program structures. Recognizing that there are areas where technical and substantive changes could usefully be made, I urge that the essential framework be maintained.

The foundation of this framework is the Pell Grant, primarily designed to secure access to higher education by needy students. The Pell Grant Program is paralleled, however, by programs that are often called "campus-based."

These campus-based programs operate effectively on both public and independent campuses, but their impact on independent higher education is extremely critical. These programs, the SEOG, NDSL, and College Work-Study Programs, are the instruments of choice. They are allocated to institutions in such a way that each institution may make the wisest use of the funds in completing realistic award packages for needy students.

The importance of balance among all these programs is a necessary backdrop for the concerns I want to express about some of the contemplated changes. To complete the backdrop, a word must be said here about the federal budget.

As you know, we are considering student financial aid programs in an era of extraordinary budgetary difficulty for the United States. The shadow of the deficit hangs over any discussion of budget issues. If there were no concerns about the level of funding, one would not have to pay as much attention to the problems of balance among programs. The Pell Grant Program could be financed at a level high enough to solve our problems in the tuition gap between public and independent institutions. But, given finite resources, it seems to me a carefully constructed mix of programs is necessary to continue efforts to achieve access and choice.

For example, Mr. Chairman, budgetary constraints make me concerned about the advisability of making Pell Grants entitlement grants, or of increasing the percentage of cost that they are permitted to meet. I understand the motivations for these suggested changes, to make Pell Grants more meaningful for the neediest students and to assure the adequate appropriation of funds. But in the present budgetary environment, I fear that these changes might well force other student aid programs to a depressed level of funding. This outcome would severely disrupt the balance among student aid programs whose importance I noted earlier.

My concern about making campus based programs a block grant program follows too, Mr. Chairman, from what I said above. I believe the creation of block grants to replace existing programs would offer an easier, single target for reduced appropriations. The separate programs are not only easier to defend but offer more possibilities for sensible adjustments of programs by Congress. Each type of campus-based program—Supplemental Grants, Work-Study jobs and Direct Student Loans—gives a different instrument which may be differently apportioned among institutions and states from time to time to meet special circumstances.

I hope, Mr. Chairman, that in the reauthorization process the Congress focus on improving the essentials of the system which is in place and working reasonably well.

Another critically important element in Title IV support for federal student aid is the Guaranteed Student Loan Program. As college costs rise, the present annual and aggregate borrowing maximums, for both undergraduates and graduates, are less and less able to provide the support they provided in the past. I urge the Congress to increase these maximums. To compensate in part for the increased cost to the Treasury, I support an increase in the minimum monthly payment and the application of a rigorous needs test for all prospective borrowers, not just those with incomes over $30,000. At the same time, Mr. Chairman, I must tell you that I would hesitate to limit GSL support to students whose families have incomes under $65,000. Many families with imcomes above this level have a demonstrable need for GSL support, when their children attend higher-cost colleges.

Some of these suggestions raise the issue of student debt, and I support the concern that has been expressed about this issue. One indispensable mechanism for managing student debt is a loan consolidation and repayment-extension program like the one recently managed by the Student Loan Marketing Association. I applaud this provision in your draft legislation, Mr. Chairman.

Mr. Chairman, I want to emphasize, as you and others have, the importance of retaining and strengthening the programs of special assistance to disadvantaged students—the so-called Trio programs. At the graduate level, the Graduate and Professional Opportunities Program (G-POP) has been valuable in encouraging women and minorities to enter new fields of study. I am proud of the students attending this university under G-POP and believe our institution's programming for these students has been very good.

Next to the overwhelming national priority for undergraduate student aid, I would place support for students and resources for graduate and professional education.

Graduate student aid ought to be the area where merit is recognized along with need. A variety of programs might be considered. Competitive fellowship programs and programs like the old NDEA fellowships with allocations to good graduate departments should be employed. Some programs would fit best within the Higher Education Act; others should be in the purview of the NSF or research supportive federal agencies.

I commend the report of the Brademas Committee of the National Commission on Student Financial Assistance. Former Congressman Brademas, now President of New York University, with insights drawn from both experiences, has underscored the need for not only graduate student support but also the complimentary needs for improving facilities, laboratories and equipment which are critical to graduate education. Other initiatives have been proposed for restoring the research capacity of American universities, and the budgets of the research-supporting federal agencies should reflect those needs. However, continuation of academic facilities authority in Title VII of the Higher Education Act (and a renewal of its funding) could aid in the adaptation of older laboratories to the demands of more sophisticated contemporary research.

In this brief survey certain other programs must be mentioned. The administration's proposed FY 1985 budget has proposed no new funding for college libraries and research libraries. This is a shortsighted view of a major national resource, and I hope proposals for reauthorization contain a different course.

Among your proposals, Mr. Chairman, I am attracted to the Carl Perkins Scholarship to encourage bright high school students to enter teacher training programs.

Most particularly, all of higher education has for years appreciated your efforts, Mr. Chairman, to remedy deficiencies in the foreign language skills of our students. Your proposed Title VI on International Education will, I am sure, be widely supported.

Mr. Chairman, thank you for this opportunity to testify this afternoon. If you would like additional comment on any of the issues affecting reauthorization, I should be most happy to attempt to comply with your request.

Mr. SIMON. Thank you very much, chancellor.

Next, Father Robert Weiss, the president of—that's in your district, isn't it?

Mr. COLEMAN. Well, no. But I did go there for a year.

Mr. SIMON. I think I——

Mr. COLEMAN. It's not in my district, but I would like to claim it.

Mr. SIMON. All right. Well, Father Weiss, the president of Rockhurst College. It's very close to your district.

Mr. COLEMAN. It's in Kansas City.

Mr. SIMON. OK.

STATEMENT OF FATHER ROBERT WEISS, PRESIDENT, ROCKHURST COLLEGE

Father WEISS. Mr. Chairman, Mr. Coleman, I appreciate very much your opening remarks. This is a very crucial time for higher education and it's a great opportunity for us to be able to present this testimony for which I'm very grateful.

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Rockhurst College, of which I am president, is one of the 28 Jesuit colleges and universities in the United States. It's one of the largest independent liberal arts colleges in the State of Missouri. We have an enrollment of approximately 3,200, which includes 1,550 in the day classes; almost all of them are full time. And about 850 evening students, and 800 in our graduate programs.

For the most part, our students are from middle income families, and we have a significant number who are financially disadvantaged.

The two decades since the passage of the Higher Education Act of 1965 Rockhurst has benefitted substantially from various Federal aid programs. All three of our residence halls, our library, and our physical education center, were built with Federal loan funds. The quality of education at Rockhurst has been very much enhanced by the wide variety of supportive Federal programs.

And, on the other hand, I think that the help that we have gotten from the Federal programs has helped our raising of funds from private sources. During the last 6 years, for example, Rockhurst has raised over $13 million in private funds. And I don't think that would have been possible without the incentives and the help we have gotten along the line through the Federal programs.

Moreover, the Federal Financial Aid Program for students have been an indispensible resource. Without these funds many of them, especially the minority and disadvantaged students, would never have been able to attend Rockhurst.

The cutbacks in Federal funds have put a special strain on our own resources. For example, in 1980-81 our students received $544,000 in Pell Grants. In the current year, 1983-84, the amount was $447,000. We have tried to compensate for that reduction, and reductions in other Federal programs, by increasing our institutionally funded aid from $556,000 to $759,000.

Incidentally, our day enrollment during that time actually increased from 1,406 to 1,557. But the percentage of minority students decreased from 13.9 percent to 10.4, and percentage of blacks from 10.2 to 6.4. Obviously, because of less funds available for those poorer students.

It is, therefore, with a great deal of gratitude that I read the draft of the reauthorization legislation which renews the commitment of the Federal Government to higher education. The statement of purpose at the beginning of title IV, I think, expresses very well the goals of the Federal Student Assistance Programs, and I thoroughly subscribe to those goals.

Among the recommendations for which Federal support can best be used to strengthen our postsecondary institutions, I'd like to single out three areas. Any new legislation certainly must continue to have as its highest priority the Student Financial Aid Programs. These programs continue to assure access to a college education for all qualified students, and the possibility for a choice of the institution which a student wishes to attend.

I think it is impossible to overestimate the importance of these aid programs in opening the doors of opportunity to a large number of our young citizens.

But, second, the Federal Government must not only be involved in those programs to assist the economically disadvantaged stu-

dents to attend college, but, it has to support the institutions so that they can provide the services. And that's why I think Upward Bound in the tutoring programs and TRIO Programs are so important.

I think that the Government certainly has to have a national interest in providing assistance for research, especially in science and technology, and in other ways of helping institutions to provide the services.

Then, third, in terms of the priorities, it does seem to me important that the Federal Government play a role in promoting the quality—the high quality of education to various forms of assistance to the institutions themselves.

In your comments to Dr. Aery I realize perfectly well the problems of funding renovation, and upgrading of physical facilities, support of equipment purchases, library holdings, and so forth. And yet, to completely withdraw from that, it just seems to me it's going to very much weaken the underpinnings of the quality of our education. It won't do much good to get students there if we're not able to give them a good education when they come.

My second area of comments on the proposed modification in the Federal Student Financial Aid Program. This legislation certainly provides many advantages for students and for the colleges themselves. The increase in the maximum Pell Grant to $3,000, and the allowance for nontuition expenses, would result in much larger grants for many of our students at Rockhurst.

Moreover, the merging of the campus-based programs into a single block grant with the institution having the authority to use these funds for grant and loan purposes would allow much greater flexibility. And, of course, the increase in the GSL maximum would provide more loan funds to students.

However, my concern is with possible unanticipated consequences, particularly if these programs are not fully funded. I tried to ponder this, but I simply am not completely clear as to the affect of the proposed change in the half cost provision to 75 percent on the allowance for nontuition expenses.

The low fee structure for public institutions in Missouri causes difficulty for both the public institutions in that their income is thereby kept low and highly dependent upon State funds, and for the independent institutions is that the tuition differential is so great even for colleges like Rockhurst that charge relatively modest tuition that it just is a tremendous gap, and there's no incentive, I think, in this type of program to get those fees up.

Tuition fees, for example, at the University of Missouri-Kansas City are $1,332 per year. The same costs at Rockhurst are $4,160.

If the Pell Grant Program were fully funded a Rockhurst full need dependent student living on campus would receive a $3,000 Pell Grant plus $2,000 in living expenses. The UMKC student would receive a total of $3,000. The Rockhurst student would need $2,160 in additional aid, not counting books, additional living expenses, and so forth. The UMKC student would need $330.

What would happen if the Pell Grants were not fully funded? As far as I can see, the draft legislation does not really address this question. Therefore, it is impossible to determine the extent of the

disruption in this current public-private balance, if, as seems very likely, the program were not fully funded.

A similar question arises in connection with the three campus-based programs. Would the proposed institutional Block Grant Program simply facilitate the elimination of these relatively small, but extremely important programs? Particularly, as Chancellor Danforth has pointed out, for independent institutions.

The increase in the maximum GSL loan is certainly necessary. It seems to me that the other provisions are currently satisfactory, although I, again, support the objections to this $65,000 limit.

It would be helpful if there were some opportunity for those students, or their parents, who do not qualify for a GSL loan to borrow money at an unsubsidized rate of interest, but with the provision that interest payment and and principle repayment need not begin until after the student has graduated. The problem with the parent loan now is that repayments have to begin immediately or within 60 days, 6 months of the incurring of the loan, and I find many families that are simply not able to handle that. They would be willing to pay the full interest rate so it seems to me there's need for some kind of a loan program for those who do not qualify for GSL that does not put an undue burden on the family to repay immediately.

Then I'd like to make some comments on the administration's fiscal 1985 proposal. As you know, the analyses say that the real cuts in financial aid appropriations, if you take inflation into account, have already amounted to a decrease of 26 percent.

Our estimate at Rockhurst on the effect of the administration's fiscal 1985 budget as compared with the preliminary allocations which we've received for fiscal 1985 would result in Pell Grants being in approximately the same amount.

Work study funds would increase by 50 percent according to the proposal. In our case, that would be an increase from $197,000 to $295,000. However, that $98,000 increase would be offset by the loss of $184,000 in SEOG and NDSL funds, not to mention the elimination of SSIG funds, and the possible consequences on the $685,000 received by Rockhurst students under the Missouri Student Grant Program.

Since most of the students currently receiving work funds at Rockhurst are already working the maximum allowed, I think the real loss would be much greater. And if we were to lose the Missouri Student Grant Program it would simply be of disastrous proportions for Rockhurst, and for the other independent institutions in Missouri.

Our students at Rockhurst receive the third largest amount of aid under the Missouri Student Grant Program of any of the of all the colleges public and private in the State of Missouri, and very close, actually, to the amount of Washington U, which is second.

Other types of education support—the Special Services Programs for Disadvantaged Students are addressed in the proposed reauthorization legislation. I think these programs are extremely important, and I think the reductions in the funding for Upward Bound really has resulted in a reduction in the number of cities which these programs are offered.

We had an Upward Bound Program at Rockhurst for 17 years continuously since the beginning. It was a successful program, but was not funded this year because apparently a lack of funds.

The other Special Services Programs are also important if we are going to keep students in college and enable them to graduate from college.

We've talked about the question of renovation and upgrading of facilities. A lack of funding has really been, I think, very detrimental in an area; for example, the access for handicapped students. In spite of the requirements of the law there have been no funds allocated to assist institutions to remove barriers to handicapped students on campus, and that has just been an extra burden put on the institutions.

The same thing with regard to energy conservation. This has been promoted. Legislation has been passed, but there have not been reasonable funds allocated for that purpose.

The renovation of facilities and the replacement of equipment, especially scientific equipment, it seems to me is important if we're not going to be borrowing against the future, and simply weakening our institutions, and not being aware of it.

If the Federal Government wishes to maintain a positive role in higher education, and the benefits that will be produced not only for the individual, but for the country as a whole, it must not only help to ensure that a student is financially able to attend, but it must continue programs that allow the disadvantaged student to attend and complete college. And it must give the assistance to the institutions so that they can have adequate facilities, equipment, and materials to teach in an atmosphere conducive to learning.

I would suggest that grants requiring institutional matching would provide a means both to make funds available to the institution, and to give an incentive to the States, and to the institutions to improve their facilities and equipment.

Federal support in the past has been an important factor in strengthening libraries, and in emphasizing areas of particular need such as the preparation of teachers of science and mathematics. Such an investment of Federal funds, in my opinion, has paid substantial dividends in the achievement of our scientists and intellectual leaders. The quality of education certainly can and must be enhanced by this kind of continued support.

In conclusion, I would like to urge that the total legislation—and I have not seen the draft of the other titles, other than three, four, and five—I would like to suggest that care be given to be sure that these titles are geared to the needs of small institutions, as well as large institutions, and to independent institutions, as well as public institutions.

For example, I'm concerned about the tying of library support to Pell Grants without regard to institutional needs. That kind of tie-in, it seems to me, can really benefit very low cost institutions, and not be aware of the needs of other institutions.

One of the proposals for international programs, I think, would tend to favor existing programs in the larger institutions without much regard for the smaller liberal arts colleges. So, I hope in the final drafting of this legislation that the small and the independent institutions are not overlooked in the balance.

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I thank you very much, Mr. Chairman, for this opportunity.
[Prepared statement of Father Robert Weiss follows:]

PREPARED STATEMENT OF REV. ROBERT F. WEISS, S.J., PRESIDENT, ROCKHURST COLLEGE, KANSAS CITY, MO

This is a crucial time for higher education, and I appreciate very much the opportunity to present this testimony to the subcommittee. The college of which I am president is one of the twenty-eight Jesuit colleges and universities in the United States and one of the largest independent liberal arts colleges in the state of Missouri. Our enrollment of approximately 3,200 includes 1,550 students enrolled in day classes, almost all of whom are full-time students. In addition, we have about 850 evening students and about 800 in our graduate business programs.

Our students are, for the most part, from middle-income families, and a significant number are financially disadvantaged. The average of the composite ACT scores of this year's entering freshman class was 22.6, compared to the national average of 18.3. According to the Chronicle of Higher Education, Rockhurst's percentage of Black students was 10.2 percent compared to 3.7 percent at the university of Missouri in Columbia.

In the two decades since the passage of the Higher Education Act of 1965 Rockhurst has benefitted substantially from various federal programs. All three of our residence halls, our library, and our physical education center were built with federal loan funds. The quality of our education has been enhanced by a wide variety of supportive federal programs. On the other hand, these federal funds have attracted much more substantial support from the private sector. During the last six years, for example, Rockhurst has raised over $13,000,000 in private funds.

The federal financial aid programs have been an indispensable resource for our students. Without these funds, many of them, especially minority and disadvantaged students, would not have been able to attend Rockhurst. Even though Rockhurst was among the fifty colleges singled out nationwide by Changing Times magazine as above average in quality and below average in tuition and other charges, about 70 percent of our students require some form of financial assistance in order to attend Rockhurst.

The cut-backs in federal funds have put a special strain on our resources. For example, in 1980–81, our students received $544,000 in Pell grants; in the current year, 1983–84, the amount was $447,000. We have tried to compensate for that reduction and others by increasing our institutionally funded aid from $556,000 in 80–81 to $759,000 in 83–84. Our day enrollment during that time has actually increased from 1,406 to 1,557. But the percentage of minority students decreased from 13.9 percent to 10.4 percent and the percentage of Blacks from 10.2 percent to 6.4 percent.

It is, therefore, with profound gratitude that I read the draft of the reauthorization legislation which renews the commitment of the federal government to higher education. The "Statement of Purpose" at the begining of Title IV expresses very well the goals of the federal student assistance programs, and I thoroughly subscribe to those goals.

I. RECOMMENDATIONS FOR WHICH FEDERAL SUPPORT CAN BEST BE USED TO STRENGTHEN OUR POST SECONDARY INSTITUTIONS

1. It seems very evident to me that any new legislation must continue to have as its highest priority the student financial aid programs. These programs assure access to a college education for all qualified students and the possibility for a choice of the institution which a student wishes to attend. It is impossible, I think, to overestimate the importance of these aid programs in opening the doors of opportunity to a large number of our young citizens.

2. The federal government must not only continue to be involved in programs which assist economically disadvantaged students to attend college it must also support programs such as Upward Bound and tutoring plans which help the learning disadvantaged students to enter college and especially to complete a college degree. Through its involvement in higher education, the federal government has the opportunity to promote the national interest through the educational system. The government must also continue to provide assistance for research in many areas but especially in science and technology. Another important segment of higher education in which the federal government can have a significant impact is in science education and in teacher training.

3. The federal government has an important role to play in promoting a high quality of education through various forms of assistance to the institutions themselves. Support for the renovation and upgrading of physical facilities, matching grants for the purchase of equipment, especially scientific equipment for instruction and research, and for library holdings, to mention just a few.

II. COMMENTS OF THE PROPOSED MODIFICATION IN THE FEDERAL STUDENT FINANCIAL AID PROGRAMS

As I study the proposed legislation concerning student financial aid, I can see many advantages for students at my institution and for the College itself. Obviously, the increase in the maximum Pell grant to $3,000 and the allowance for non-tuition expenses would result in much larger grants for many of our students. Moreover, the merging of the campus-based programs into a single Block Grant with the institution having the authority to use these funds for grant and loan purposes similar to the preceding program would allow much greater flexibility. And, of course, the increase in the GSL maximum would provide more loan funds to students.

However, my concern is with possible unanticipated consequences, particularly if these programs are not fully funded. I am not completely clear as to the effect of the proposed change in the half cost provision to 75 percent and the allowance for non-tuition expenses.

The very low fee structure for public institutions in Missouri causes difficulty for both public institutions, in that their income is thereby kept low and highly dependent upon state funds, and for the independent institution in that the tuition differential is so great even for relatively modest tuition institutions like Rockhurst. Tuition and fees at the University of Missouri–Kansas City are $1,332 per year and the same costs at Rockhurst are $4,160 per year.

If the program would be fully funded, the Rockhurst full-need dependent student living on campus would receive a $3,000 Pell grant plus $2,000 in living expenses. The UMKC student would receive $3,000. The Rockhurst student would need $2,160 in additional aid (not counting books, etc.), the UMKC student would need $330. What would happen if the Pell grants were not fully funded? The draft legislation does not address this question. Therefore, it is impossible to determine the extent of the disruption in the current public-private balance.

A similar question arises in connection with the three campus-based programs. Would the proposed institutional block-grant program simply facilitate the elimination of these relatively small, but extremely important, programs?

The increase in the maximum GSL loan is currently necessary. It seems to me that the other provisions are currently satisfactory with regard to loan programs. It would be helpful if there were some opportunity for those students (or their parents) who do not qualify for a GSL loan to borrow money at an unsubsidized rate of interest, but with the provision that interest payment and principal repayment need not begin until after the student has graduated.

III. COMMENTS ON THE ADMINISTRATION'S FISCAL YEAR 1985 PROPOSALS

According to several analyses I have seen, the real cuts in financial aid appropriations, taking inflation into account, have already amounted to a decrease of 26%. Our estimate of the effect on Rockhurst students of the administration's proposed FY 85 budget as compared with the preliminary allocations for FY 85 would result in Pell grants of approximately the same amount (with, of course, no provision to cover increased tuition and fees). Work-study funds would increase by 50% according to the proposal. In our case, that would be an increase from $197,000 to $295,000. However, that $98,000 increase would be offset by the loss of $184,000 in SEOG and NDSL funds, not to mention the elimination of SSIG funds and the possible consequences on the $685,000 received by Rockhurst students under the Missouri Student Grant Program. Since most of the students currently receiving work-study funds are working the maximum allowed, the real loss would be much greater, and if the Missouri funds were also lost, would be of disastrous proportions for Rockhurst and our sister independent institutions in Missouri.

IV. COMMENTS ON OTHER TYPES OF HIGHER EDUCATION SUPPORT

The Special Services Programs for Disadvantaged Students are addressed in the proposed reauthorization legislation. Rockhurst was informed last spring, one week before our Upward Bound Program was to begin, that we would not be funded even though our program had operated continuously and successfully for 17 years. The reason given was insufficient funds. This left the Kansas City area with no Upward

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Bound program at all. Reductions in the funding for Upward Bound programs has apparently led to a reduction in the number of cities in which those programs have been able to be offered. This in turn will eventually lead to a reduction in the number of learning disadvantaged students who are able, in fact, to enter college. Important also are the special service programs in terms of keeping students in college.

Some method of assisting institutions with the renovation and upgrade of facilities is also essential. A lack of funding has had its effect in the area of access for handicapped students. In spite of the requirements of the law no funds have been allocated to assist institutions to remove barriers to handicapped students no campuses.

Energy conservation has also been promoted and legislation passed to assist institutions in finding ways to conserve energy, but these programs have not been funded at any reasonably adequate level. The same is true for the renovation of facilities and the replacement of equipment, especially scientific equipment. If the federal government wishes to maintain a positive role in higher education and the benefits produced not only for the individuals but for the country as a whole, it must not only help to ensure that a student is able financially to attend an institution, but it must also continue the programs which have allowed the disadvantaged student to attend and complete college. We must also maintain the financial assistance to the institutions that will enable colleges to have adequate facilities, equipment, and materials to teach the students in an atmosphere conducive to learning. Grants requiring institutional matching would provide a means to raise funds and to improve facilities and equipment.

Federal support in the past has been an important factor in strengthening libraries and in emphasizing areas of particular need as the preparation of teachers of science and mathematics. Such an investment of federal funds has paid substantial dividends in the achievement of our scientists and intellectual leaders. The quality of education can and must be enhanced by this kind of continued support.

Thank you for the opportunity to present this statement.

Mr. SIMON. We thank you, Father Weiss. Did Father Weiss break the machine over there?

Dr. James Olson, who has been a frequent witness before our subcommittee and we're pleased to have him as president of the University of Missouri, who's going to be retiring as of July 1.

Welcome.

STATEMENT OF JAMES C. OLSON, PRESIDENT OF THE UNIVERSITY OF MISSOURI

Mr. OLSON. Chairman, Mr. Coleman, thank you very much. I am delighted to have this opportunity to appear before you once again to discuss the very real and financial needs of higher education. I think all of us here today would agree that it is absolutely essential that the Federal Government continue to support, and support well, America's institutions of higher education and their students.

Mr. SIMON. Fine.

Mr. OLSON. You have it for the record. I am impressed with the importance of what we're doing though in terms of the millennium, of the year 2000. You know, the people who will be in positions of leadership at that point are in our institutions today. And we need to be concerned about the ability of our institutions to provide opportunities for them.

It seems to me that student financial aid really must continue to be the cornerstone of Federal support of higher education. It's flexible and equitable and it helps to strengthen the variety, the diversity of our institutions. And that, of course, is one of this Nation's great strengths.

I am concerned about the administration's proposals with respect to 1985 that would reduce aid. I have submitted a document, along

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with my written testimony that will explain in some detail what the effect would be on a large State university, the University of Missouri.

Mr. SIMON. That statement will be entered into the record.

Mr. OLSON. Thank you very much, Mr. Chairman.

As has been suggested, fees and tuition at public and private institutions have been going up. At the University of Missouri, we've had no choice but to raise student fees more than 50 percent in the past 4 years in large part because of a decline in State support. This endangers the ability of the institutions to provide opportunity.

Now, I personally favor, Mr. Chairman, your proposal to merge the various aid programs into one block grant for each institution. Each institution is different as is its student body, and it makes sense to address the student aid requirement of individuals at the institutional level, within the expressed intent of the authorization of Congress.

The problem with that, of course, is, as has been suggested, there is the fear and perhaps the danger that the merger of these programs will result in a reduction in total support. And Dr. Aery has mentioned the problem of the Missouri Student Grant Program, and I would hope that these kinds of problems could be taken into account. I support we want both. We favor flexibility, but we do need the funds.

I do support the increasing the maximum amount for the Guaranteed Student Loan Program from $5,000 to $7,000 per year. This is obviously necessary; at the same time, I think we have a problem in saddling students with too great a burden of debt and this is a problem of balance that we have to work with.

As you may be aware, I am scheduled to appear before you again in the day to discuss graduate education so I'll not—I'll defer my comments on graduate education until that time. I would also like to suggest that specific support be given to improving teaching at the postsecondary level.

A relatively small investment could well pay significant dividends in the form of more effective, more efficient instruction. And we do need to give our best thought to ways in which we improve teaching.

Further, I recognize that the matter of facilities, instrumentation, are not necessarily before the committee, and I recognize, Mr. Chairman, the problems expressed in your comments.

But I do want to be on the record as urging that somehow the Federal Government find a way to return to the support of facilities. Under the specific grants of a number of years ago, under Federal revenue sharing, we had that mechanism, and I would like to hope that somehow we can find another mechanism because this is one of the most critical areas as we seek to maintain quality and preserve our institutions, because unfortunately today's higher education is something we can't conduct in a simple building or with a good teacher on one end of the log and a student on the other.

I would like to also call attention to the fact that we sometimes overlook in our discussion of what is needed—we overlook what we have. As we have a large core of dedicated teachers who are work-

ing for relatively low wages and who are working under conditions of considerable frustration and as we approach the problems of supporting higher education, we need to keep that core of people in mind and continue to think of ways in which we can help them to fulfill their mission.

But I'm optimistic with the continued leadership of persons such as yourselves that we can continue to go forward, and, Mr. Chairman, I would like to take this opportunity to express appreciation for the services you have provided and you have given in your capacity in the House of Representatives as you are leaving the House. And I think all of us owe you a great debt of gratitude.

Thank you.

[Prepared statement of James C. Olson follows:]

PREPARED STATEMENT OF JAMES C. OLSON, PRESIDENT, UNIVERSITY OF MISSOURI, ST. LOUIS, MO

Mr. Chairman, Mr. Coleman, I am gratified to have this opportunity to say a few words about the very real financial needs of higher education. I believe that all of us here agree it is essential that the Federal Government continue to support, and support well, America's higher education institutions and their students.

Higher education has always representated not an expense, but an investment—not just for the individual, but for society. Today, as we stand on the threshold of the 21st century, the new millennium, that is truer than ever. Those who will lead this country in the next century are in college today.

America should lead the world toward a bright new future, a world where technology will make our lives richer and longer. Many of us take for granted things like desk-top computers, laser-based supermarket check-out systems, and devices such as "cat" scanners found in major medical centers. These time-saving, labor-saving, life-saving new technologies all rest on a hidden foundation, higher education. Consider this:

Higher education does much of the basic research on which such advances are based; higher education does much to disseminate new knowledge to all who can use it; and, most important, higher education trains the men and women who will ensure the process of technological and social advancement continues in the future.

That's why Congress must see to it that higher education gets the support it needs—not to benefit a relatively small number of individuals or institutions, but to benefit all Americans, of every race, creed and color, in every walk of life.

Student financial aid should be a cornerstone of that support. Such aid is one of the most flexible, equitable approaches to maintaining and strengthening the variety of higher education establishments that characterize this Nation. That variety, I feel, is one of education's great strengths. (But, as you know, the administration has proposed changes for fiscal year 1985 that would reduce aid. I have submitted a document along with my written testimony that describes how such changes would impact on our university and its students.)

Student aid has become more important than ever because, as you are aware, tuition at public and private colleges and universities has risen dramatically of late. Nationally, median tuition at state colleges and universities has jumped 24.6 percent in the past two years. At the University of Missouri, we've had no choice but to raise student fees more than 50 percent in the past four years, in large part because of a decline in state support.

But rising fees are putting higher education out of reach of many, even in public institutions which historically have sought to provide educational opportunity to all who seek it and can benefit from it, regardless of their financial situation. That's why the Federal Government must maintain a firm commitment to student financial aid, in all forms.

I personally favor Representative Simon's proposal to merge the SEOG, NDSL and SSIG aid programs into one block grant for each campus. Each institution is different, as is the student body. It makes sense to me to address student aid requirements of individuals at the campus level, within the expressed intent of the authorization of Congress.

But we favor this approach only so long as merger of these programs into a single block grant will not result in their being cut. We favor flexibility, yes, but we also need funds to support needy students.

In the same vein, I support increasing the maximum amount for the guaranteed student loan program from $5,000 to $7,000 per year. With tuition rising, more money is needed for such aid. I would like to see more money made available to graduate and professional students who, as you have recognized, often must pay for their advanced training without help from their parents.

Let me add that while I'm not opposed to the "self help" approach to student aid, I also believe we cannot continue to saddle students with huge debts. Particularly in certain graduate fields that do not offer the prospect of exceptional financial remuneration, society should assume the bulk of the financial burden of developing expertise that will ultimately be to its benefit.

As you may be aware, I am scheduled to appear before you later in the day to discuss graduate education. With your permission, I shall defer further remarks on that subject until that time.

I'd also like to suggest specific support be given to improve teaching at the postsecondary education level. A relatively small investment here could well pay significant dividends in the form of more effective, more efficient, instruction.

In our increasingly complex world, where each day there is more to learn and master, we should put a premium on further honing the skills of our faculty and developing new approaches to learning. After all, we owe it to our students and to the taxpayers to offer the best education we possibly can at an affordable price. A program to improve teaching would certainly contribute to that.

Further, I recognize this thought may not fall under the purview of the legislation we're discussing today, but nonetheless I'd also like to appeal for greater federal support for university research in general, as well as for specific support for the purchase of state-of-the-art scientific instruments.

Much of the nation's basic research is carried out in universities. Indeed, academia provides a unique environment that nurtures such research, the source of innovations upon which much of America's economic vigor ultimately rests.

We find ourselves in the situation today where many colleges and university laboratories not only are deficient in industrial terms, but they are inferior to many good high school facilities. We have let the physical underpinnings of higher education seriously deteriorate. I do not know how we will be able to reverse the trend without the renewal of some form of federal facilities and equipment support.

Science has already answered most of the easy questions. If we are to continue to advance, faculty members and graduate students must have access to the tools they need, tools that, in many cases, universities cannot hope to purchase without outside financial help.

Today's higher education demands more than simple classrooms where student and professor can meet; it demands modern laboratories and other special environments, particularly for graduate level and professional education, that are often costly in the extreme.

I've said a lot, perhaps too much, in these few minutes about what higher education lacks. But in closing, I'd like to mention something higher education already has—in abundance.

Our most important asset is the thousands of men and women who have dedicated their lives to teaching and research in an academic environment. They could earn considerably more in business and industry. Instead, they opt to help shape and train the next generation.

Those in higher education know that this task, though always challenging, often frustrating (as in these difficult economic times), is also constantly rewarding. It is rewarding not only in terms of the satisfaction that comes from helping a mind realize its full potential, but also because in doing so we've helped make the world a little better place.

With the continued leadership of persons such as yourselves, higher education can continue to produce the skilled minds and trained hands America will need to meet the challenges, and take advantage of the opportunities, the 21st century will offer. I thank you.

UNIVERSITY OF MISSOURI, OFFICE OF SCHOLARSHIPS AND STUDENTS FINANCIAL AID SERVICES, COLUMBIA, MO

The following comments concern the potential impact of the recently proposed Reagan Administration FY 1985 Budget on the University of Missouri.

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I. PELL GRANT PROGRAM

The administration proposes to dramatically modify the current Pell Grant program into a self-help grant. This is the same proposal which the administration attempted to pass last year. While the maximum grant for any individual student would be increased from the current $1,900 to $3,000 per year, the eligibility requirements would be modified in such a way as to decrease the total number of awards. In addition the administration would restrict the majority of all available funds (80% of the total amount appropriated) to families with incomes under $12,000.

Effect on the University of Missouri

During 1982-83 the four campuses of the University made available $6.9 million in Pell Grant awards to 7,450 students. The AVERAGE award last year was $923. Based on the students who applied for aid this year (1983-84), only 27% of the students had incomes under $12,000. If this change in the program was adopted, over 70% of all UM students would probably be eliminated from the program even though they still demonstrated need. The average income of parents of our dependent students was $24,875, thus putting them above the maximum in the administration's proposal.

II. SUPPLEMENTAL EDUCATIONAL OPPORTUNITY GRANT PROGRAM

The administration proposes to completely eliminate the SEOG program next year.

Effect on the University of Missouri

The University of Missouri received slightly over $1.1 million in SEOG funds last year. About 3,000 students shared in the program with an AVERAGE grant of $395. At the University we utilize these funds for the very needy students—the ones who would not otherwise have sufficient funds to enroll or stay in school. The loss of this critical program would damage our ability to assist these very high need students. In addition, these students tend to be minority or disadvantaged students, therefore the loss of this program would affect the enrollment opportunities of these students.

III. NATIONAL DIRECT STUDENT LOANS—ELIMINATION OF THE FEDERAL CAPITAL CONTRIBUTION

The federal government, since 1958, has provided seed money to make loans available to needy college and university students. The administration proposes to completely eliminate the annual Federal Capital Contribution for all institutions this coming year. Therefore, we would have only the revolving funds to reallocate to needy students.

Effect on the University of Missouri

This current year (1983-84) the four campuses received $2.2 million in Federal Capital Contribution in the NDSL program. This amount, when added to repayments and available cash is used to make new loans this year. If we do not receive new federal funds, then younger campuses such as St. Louis, where the revolving fund is quite small, will have few dollars to make available. At the older campuses such as Columbia, while the revolving fund is larger, it could not sustain the current level of borrowing by students under this program.

We need to continue to have new funds in the NDSL program so that needy students can borrow funds for education. The AVERAGE loan last year (1982-83) on all campuses was about $900. At the time when the administration is suggesting the elimination of most programs for needy students, we must maintain this program.

IV. STATE STUDENT INCENTIVE GRANTS (SSIG)

The State Student Incentive Grant program provides money to states in the nation who have established their own grant programs for needy students. In Missouri, the program provides less then $2 million dollars of the total amount of money made available to students through the Missouri Student Grant Program.

Effect on the University of Missouri

While the elimination of this program would not directly effect UM students, it would indirectly reduce the aid available. During 1982-83 UM students received $690,000 in grant funds from the Missouri State Grant Program. It is our fear if the SSIG funds were eliminated that the General Assembly may eliminate the entire Grant program. While this State grant does tend to go to private institutions, the

1,890 UM students who received funds from the program were some of the most needy students enrolled at the University.

The program should be retained even though it has achieved its desired affect—that of encouraging states to begin their own grant programs. In states such as Missouri, the elimination of this relatively small program (its only $76 million in total) could reverse the participation of states.

V. COLLEGE WORK STUDY PROGRAM (CWSP)

The College Work Study Program is the only program in which the administration has requested an increase. The administration has requested an increase from $550 million to $850 million for FY 1985. The administration has indicated that an institution COULD, if it wished, transfer up to 50% of its annual allocation in the CWSP program into the Supplemental Educational Opportunity Grant program, or utilize up to $100,000 for cooperative education, adult literacy programs, or job location and development centers.

Effect on the University of Missouri

At the University of Missouri, we provided last year (1982–83) over $22.1 million in work assistance to our students. ONLY $2.2 million of this money came from the College Work-Study Program, the remaining $19.9 million came from general operating funds. Even with a 54% increase in appropriations in the program, the University would not receive sufficient funds to either make up the difference in lost aid from cuts in programs such as the Supplemental Educational Opportunity Grant and National Direct Student Loan Program, nor would it seriously reduce the dollars the University provides from General Operating funds.

We of course support the increase in the CWSP program funding, but not at the expense of the other equally vital programs.

VI. GUARANTEED STUDENT LOAN PROGRAM—UNIVERSITY NEEDS TEST

The administration has proposed that the Guaranteed Student Loan Program become completely need-based. That is before any student could receive any loan from the program, he or she would have to demonstrate need for the loan. By this universal needs test, the administration hopes to reduce the cost of the program. The cost of the program is due mainly to the current interest rate—if the interest rate is low then the cost of the program to the government is reduced. It is estimated that for each 1% increase in the prime rate, the government must pay an additional $100 million in the special allowance paid to lenders who participate in the program.

Effect on the University of Missouri

The effect on the University would be minimal because most of our students will demonstrate need anyway. The effect at lower cost public schools could be more dramatic, since their costs are lower, their students could be eliminated entirely from consideration under this program.

VII. TRIO FUNDING

The TRIO programs are three programs passed during the 1960's and are designed to encourage educationally disadvantaged students to attend postsecondary education. These programs have attempted to prepare high-risk students for college. The administration has proposed a 50% reduction in the program from $165 million to $82 million.

Effect on the University of Missouri

Three campuses of the University have TRIO funding (all except Rolla have a program) and often the programs are quite small, but have been reasonably effective over the years. With the reduction in campus budgets, especially for student services, the TRIO funding has become more important. The programs continue to serve the purpose for which they were intended—that is to provide educationally disadvantanged students a chance for upward mobility.

VIII. EDUCATIONAL SAVINGS ACCOUNT

The administration has again proposed the establishment of educational savings accounts, similar to IRA's. This proposal would allow families to contribute up to $1,000 per child per year into a specific savings account with the interest and dividends being tax-free. The proceeds of the savings account could be used to ONLY

pay for tuition and room and board directly to a college. Only full-time undergraduates between the ages of 18 and 26 could benefit from the program.

Effect on the University of Missouri

The initial effect on the University would probably be small. The program first would not allow parents to save a great deal of money and second would not benefit the families under $20,000 per year income who do not now have the ability to save $1,000 per year. The administration sees this program as aiding the middle income families, yet our experience shows that these families generally receive lower incomes during the early years of a child's life, and by the time they can begin to save, the child has already entered or is about to enter college.

If the program were begun it could encourage some parents to save, but the $295 million price tag per year should not be funded out of other more immediate and needed federal student financial aid programs.

OFFICE OF SCHOLARSHIPS AND STUDENT FINANCIAL AID SERVICES, 1982-83 ANNUAL REPORT, TOTAL AID AWARDED

Campus	Program grants		
	Dollars	Students	Average
Columbia	$4,394,671	6,279	$700
Kansas City	1,433,800	1,809	793
Rolla	1,767,805	2,344	754
St Louis	1,435,070	1,964	731
Total	9,031,346	12,396	729

Campus	Loans		
	Dollars	Students	Average
Columbia	$20,478,694	13,047	$1,570
Kansas City	10,575,378	5,282	2,002
Rolla	5,003,392	2,839	1,762
St Louis	2,679,533	2,350	1,140
Total	38,736,997	23,518	1,647

Campus	Work		
	Dollars	Students	Average
Columbia	$13,894,302	8,043	$1,728
Kansas City	2,830,784	2,172	1,303
Rolla	3,674,618	2,279	1,612
St. Louis	1,706,380	1,697	1,006
Total	22,106,084	14,191	1,558

Campus	Scholarships and fellowships		
	Dollars	Students	Average
Columbia	2,170,540	1,675	$1,296
Kansas City	629,345	979	643
Rolla	1,144,743	1,253	914
St. Louis	363,997	618	589

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Campus	Scholarships and fellowships		
	Dollars	Students	Average
Total	4,308,625	4,525	952

Campus	Outside aid		
	Dollars	Students	Average
Columbia	$1,310,000	636	$2,060
Kansas City	1,282,000	541	2,370
Rolla	649,000	267	2,431
St. Louis	1,192,000	719	1,658
Total	4,433,000	2,163	2,049

Campus	Total aid		Unduplicated head count
	Dollars	Total awards	
Columbia	$42,220,207	29,680	11,872
Kansas City	16,118,307	10,783	4,313
Rolla	12,239,558	8,982	3,593
St. Louis	7,376,980	7,348	2,939
Total	78,616,052	56,793	22,717

UNIVERSITY OF MISSOURI REPORT ON UNMET NEED, 1979-80 THROUGH 1983-84, PARENTAL INCOME-DEPENDENT STUDENTS

Parents total income	1979-80 Number	1979-80 Percent of total	1980-81 Number	1980-81 Percent of total	1981-82 Number	1981-82 Percent of total	1982-83 Number	1982-83 Percent of total	1983-84 Number	1983-84 Percent of total
$0 to $2,999	142	.033	160	.026	314	.027	452	.038	430	.039
$3,000 to [illegible]99	286	.066	310	.050	450	.038	451	.038	451	.041
$6,000 to [illegible]99	384	.089	408	.065	688	.058	627	.052	547	.049
$9,000 to $11,999	450	.105	511	.082	839	.071	788	.066	763	.069
$12,000 to $14,999	470	.109	565	.090	987	.084	941	.078	781	.070
$15,000 to $17,999	532	.124	556	.089	955	.081	906	.076	845	.076
$18,000 to $2[illegible]99	606	.141	684	.109	1,147	.097	957	.080	819	.074
$21,000 to $23,999	525	.122	732	.117	1,148	.097	984	.082	907	.082
$24,000 to $26,999	433	.101	658	.105	1,164	.099	1,044	.087	956	.086
$27,000 to $29,999	291	.068	534	.085	1,091	.092	990	.083	914	.082
Subtotal	4,119	.957	5,118	.818	8,783	.743	8,140	.679	7,413	.667
$30,000 to $32,999	183	.043	403	.064	820	.069	851	.071	753	.068
$33,000 to $35,999	NA	.000	252	.040	689	.058	747	.062	693	.062
$36,000 to $38,999	NA	.000	194	.031	539	.046	594	.050	573	.052
$39,000 to $41,999	NA	.000	113	.018	311	.026	498	.042	450	.040
$42,000 to $44,999	NA	.000	42	.007	226	.019	336	.028	356	.032
$45,000 to $47,999	NA	.000	46	.007	147	.012	269	.022	243	.022
$48,000 to $50,999	NA	.000	28	.004	100	.008	160	.013	177	.016
$51,000 to $53,999	NA	.000	13	.002	50	.004	100	.008	133	.012
$54,000 to $56,999	NA	.000	9	.001	32	.003	81	.007	94	.008
$57,000 to $59,999	NA	.000	13	.002	29	.002	60	.005	65	.006
$60,000 and over	NA	.000	26	.004	89	.008	159	.013	166	.015
Total	4,302	1.000	6,257	1.000	11,815	1.000	11,995	1.000	11,116	1.000

UNIVERSITY OF MISSOURI REPORT ON UNMET NEED, 1979-80 THROUGH 1983-84, PARENTAL-INCOME-DEPENDENT STUDENTS

Parents total income	Percent difference [1] Nat. sample/UM	Percent difference [1] MO app/UM	5-year net change
$0 to $2,999	-0.006	-0.013	0.006
$3,000 to $5,999	.026	.009	-.026
$6,000 to $8,999	.040	.016	-.040
$9,000 to $11,999	.036	.013	-.036
$12,000 to $14,999	.039	.020	-.039
$15,000 to $17,999	.048	.013	-.048
$18,000 to $20,999	.067	.036	-.067
$21,000 to $23,999	.040	.035	-.040
$24,000 to $26,999	.015	.019	-.015
$27,000 to $29,999	-.015	.003	.015
Subtotal	.291	.151	-.291
$30,000 to $32,999	-.025	-.003	[2] .003
$33,000 to $35,999	-.062	-.022	.022
$36,000 to $38,999	-.052	-.021	.021
$39,000 to $41,999	-.040	-.022	.022
$42,000 to $44,999	-.032	-.025	.025
$45,000 to $47,999	-.022	-.015	.015
$48,000 to $50,999	-.016	-.011	.011
$51,000 to $53,999	-.012	-.010	.010
$54,000 to $56,999	-.008	-.007	.007
$57,000 to $59,999	-.006	-.004	.004
$60,000 to over	-.015	-.011	.011
Total	.000	.000	-.139

[1] Note.—Indicates national or State total is less than UM total.
[2] Note.—For incomes above $29,999 difference is based on 4 years.

Mr. SIMON. I thank you, and I might add we owe a debt of gratitude to the retiring President of the University of Missouri, not only for your leadership here in Missouri but for your willingness to help out with your insights on the national scene.

And finally, Dr. Webb is a constituent of yours, is that correct?

Mr. COLEMAN. He is.

Mr. SIMON. All right.

Mr. COLEMAN. Some would like to say that.

Mr. SIMON. I'm going to defer to my colleague from Missouri to introduce Dr. Webb here.

Mr. COLEMAN. Dr. Webb, I think this might be your first time to testify before our subcommittee, and we welcome you from Trenton Junior College.

Trenton Junior College probably has a different view, at least one that needs to be expressed since we've had some of the titans of the community here before us in numbers and in wealth as far as endowments.

And I think that we would like to hear from the junior colleges regarding reauthorization.

Dr. Webb.

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STATEMENT OF ROBERT M. WEBB, PRESIDENT, TRENTON JUNIOR COLLEGE

Mr. WEBB. Thank you very much. Chairman Simon, Mr. Coleman.

Being last is not really unique to me with a name starting with a "W" and working for a college that starts with a "T" is sort of comes that way, you know.

Just to give you a little bit of background, and you do have some prepared remarks in front of your—but I would like to tell you a little bit about our particular campus and our particular school.

We are unique to the fact we are the only K–14 school district in the United States that's actively working today. We have what we call, I guess it's been referred to me a few times—is we take them from birth to death. We start them at 3 years old in our early childhood program and our oldest student in our college this year is 94.

So, we feel like we do have a wide range of people involved in our college.

We have about 2,300 students altogether in those varied programs, and we work about an $8 million budget so we have a variety of programs we're looking at.

Basically, I didn't understand quite frankly the total bill to read it and comprehend it, so I've prepared some remarks relating probably to my particular institution and to some feedback that I wanted to give in the sense of how it has affected us and some specific comments relating to Trenton and a few of the other community colleges in Missouri.

In doing so, I have prepared some comments relating to PREGO's report for strengthening the postsecondary schools: Modification of the student financial aid program, and a brief comment on the self-help proposal by the administration's proposed budget for 1985.

There's a number of support programs from the Federal Government. One or two or three I would like to comment on is title II specifically, title II–A relating to libraries.

It just goes without saying to me, and I think to most educators that the heart of your whole institution whether it's small or large is your library. And you've got to continue support in that area. I just think it's essential that you do that.

Another area that is very important as that is vocational education. In my capacity as administrator of a district that deals not only with elementary and secondary but higher education as well as people that—adult programs coming back, we find that one of the most essential parts of our program is that of vocational education. Starting with the Smith-Hughes Act in 1917 has been very essential that educational programs at elementary and secondary, as well as postsecondary and now vocational schools be funded in a sense that it does lead them into direct job training forces as soon as they are done.

We find in Missouri, according to the Missouri Department of Elementary-Secondary Education profiles, that Missouri public schools for 1982–83, 56.8 of the graduating seniors do not continue on with their higher education when they get out of high school.

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Therefore, if we de-emphasize or do not emphasize enough vocational education and if our Missouri statistics are equal to that of the rest of the Nation we are not funding the educational needs that we need in the United States.

A problem in working with it everyday that I see with vocational education is if we do not determine the needs assessments before we place students in that particular program we get to dealing with out there, with what we call tenure laws and we get to dealing with people and teachers. And we start in those programs placing students where the teachers are, not necessarily where the needs are in the job market when we get done with those students with our programs.

Another area I'd like to speak on Federal support is that of title III. We currently in Trenton—I might back up. Trenton has been around since 1925 with a junior college. Not until 1982 had Trenton ever received a Federal dollar in support, besides that of the elementary program that would come funneled through the State on block grants and these types of things.

But in our postsecondary school it was the philosophy of our board and other people in that community all the way through to operate that college without Federal support. And we continued to do that until that particular period of time and then we felt that we had some opportunities to do some strengthening and some growing at our college that we wanted to do, and we needed some outside resources to do that.

We currently, at that time, we applied for a title III grant, obtained that title III grant in the amount of only $500,000, but to us it was a major amount. Representative Coleman spent a lot of time helping us to get that approved. It has offered us the growth that we needed in that particular area, even though we're out in the rural, we're out in the country, we have computer problems.

Computer's a big thing that's coming today. That gives us the opportunity to expand into those particular technology programs and since then it also helps our communities by offering these types of programs to the people in that area.

Title III has offered us that, and I would hope that continued support in title III programs would be there in the future.

Discussing some areas of student aid programs, I would like to speak a little bit about increasing the Pell Grant from its current ratio to $3,000. In doing so, as higher education cost increases those needs for students also increases for increased funding.

But at the same time I would encourage a stronger needs-based program in granting those awards, finding out for sure the need is there before that award is granted.

Another area of changing the Pell Grant Program to an entitlement program. I appreciate your efforts in the entitlement program and making funds available to everyone that particularly wants them.

But I find it a little hard to support that program because, to me, entitlement programs are cost programs that you get locked into even though this may be a small entitlement program along with another small entitlement program locks us into what I feel is a major part of our national debt that we're dealing with today.

With that I would suggest that we look at the Pell Grant from a year-to-year basis on appropriations and maybe keeping the same and increasing, of course, if we can do that.

But on a stronger needs-based program, as I mentioned earlier, at the same time in talking about lifting the support from a half-cost provision to the 75- percent cost provision, I support that.

But at the same time I would suggest that we look at some kind of sliding-scale, family-based income for that to be established as it goes along with raising from 50 to 75 percent.

In other words, the greater need the more money you can get, and establish some kind of sliding scale to establish that to work with the lower and middle income families and students along that line.

In talking about increasing the maximum amount of the student loan from $2,500 to $3,000 and from $5,000 to $7,000 I would encourage in that program also and testify in favor of that because the needs of these students are increasing: Therefore, their aid—the services, if our education, in other words is increasing, therefore the aid needs to be increased also.

But, at the same time I would suggest that you look at extending the amount of time, a pay period, I believe—it's what? 10 or 12 years at the present time?

Increasing that from 5 to 7 more years to maybe 10- or 20-year period, somewhere in that area. One of the problems that I see with that is—and it affects directly with our people, and I'm sure it does throughout the Nation is: Here's a student entering college. They receive this loan. They get a loan, let's say for 3 or 4 years, and they come up with a debt of $10,000 or $8,000 or $12,000, whatever that may be, when they get out of college, the first thing they have is that debt looking at them when they get out. They also want to look at maybe getting married. They're going to look at buying a new car. They're going to look at et cetera, et cetera—the daily living. Therefore, that's a problem in getting it paid back. They don't have enough income, especially if they go into the teaching field.

They don't have enough income to pay it back immediately. Therefore, their priorities become now—to the family and to themself not to paying back the student loan. They want to do it, generally, I would say, in general terms.

Most of them want to pay it back, and most of them do. But at the same time you have that problem of what's more important to me right now. And so, by giving them a chance to extend that, making their payments less per month over the period of longer time, would be maybe one solution to consider.

Merging the campus-based programs to campus-based block programs, I don't believe I could testify in favor of that. Smaller institutions of my—as myself and the one that I work in and maybe others that may not have the matching resources to match this 15 or 20 percent to get the work-study programs. To get some other programs, I don't believe that would be an asset for our community colleges.

Metropolitan Community College in Kansas City, for example, in talking with them in the last few days have expressed to me the concern that I make note to you, Chairman Simon, that they would

probably lose, from their best estimates, around $96,000 if this particular block grant is put into effect.

And we feel like that we would lose particular money also, but not as great as they would and maybe some of the other colleges.

In conclusion I would like to speak briefly to the fact that the administration's fiscal year 1985 recommendation on the self-help proposal have taken in first going from the work-study program and then into the loan program and into the Pell Grant Program. And in very short and simple terms to me that is putting the burden right back on the middle income and lower income people. Forcing them into debt before they get out of college; forcing them in the long range of less payment to the student loan program, and I just feel like it would be a negative effect on those students, and they would not go on and advance their higher education program.

I appreciate the opportunity and to come and talking with you, and hope I get to do it again, Mr. Coleman, sometime.

Mr. COLEMAN. Thank you.

[Prepared statement of Robert M. Webb follows:]

PREPARED STATEMENT OF ROBERT M. WEBB, PRESIDENT, TRENTON JUNIOR COLLEGE, TRENTON, MO

Chairman Simon, members of subcommittee on Postsecondary Education, I appreciate the opportunity to give testimony relating to legislation reauthorizing the Higher Education Act and the Administration fiscal year 1985 budget.

I'll make remarks relating to: Federal support in strengthening postsecondary education; proposed modifications in the federal student financial aid program; the administration fiscal year 1985 budget recommendations; and student aid "self-help" proposal.

FEDERAL SUPPPORT IN STRENGTHENING POSTSECONDARY EDUCATION

The federal government has many support programs for education and there are three programs I would like to speak briefly about and encourage continued support.

Title II-A of Higher Education Act of 1965

The library is often referred to as the heart of the school. It is the guiding resource, not only for the student, but for teaching staff as well. Federal support in Title II-A of the Higher Education Act emphasizes a concern about quality in education.

Vocational education.—According to the Missouri Department of Elementary and Secondary Education "profiles of Missouri Public Schools 1982-83", 56.8% of Missouri's 1982 high school graduates do not immediately go to college after graduating from high school, and this figure is consistent for the past five years. Since the passage of the Smith-Hughes Act in 1917, the objective of vocational educational programs is to prepare the high school graduates and graduates of vocational schools to go immediately into the work force. Without having National statistics available, if the Missouri statistics are comparable with the rest of the nation, any less emphasis in vocational funding from the federal government would seem that the federal government is not funding programs that meet the educational needs.

A problem with vocational education programs is "needs assessment" of where the jobs are in the communities and where training is needed is not performed before students start their education. Vocational programs place students where teachers and slots are available, not where the job need is.

Title III Institutional Aid Program of the Higher Education Act of 1965

The purpose of the Title III programs is to offer opportunities to college and universities to strengthen their educational programs. In doing so, college and universities develop education programs that not only strengthen the college, but provide a needed service to the job market in producing better educated individuals.

Trenton Junior College has received and is currently receiving a grant from the federal government, and I can testify first-hand that this program is benefiting our college.

Continued support is necessary and is another way the federal government can support postsecondary education.

STUDENT AID PROGRAM

Increasing Pell grant.—I would testify in favor of increasing the Pell Grant to $3,000. As the cost of higher education increases, the students' need for additional aid increases. At the same time, I would be in favor of establishing stronger need base programs in order for students to receive benefits of the Pell Grant.

Changing the Pell grant program to an entitlement program.—I appreciate the efforts in Representative Simon's Entitlement Program in trying to make funding available to all the students that were eligible for a Pell Grant, and not how many Pell Grants can be issued depending on how much Congress decides to appropriate for this program. However, I do not feel that I could support the Entitlement Program because I do not believe that you would have fiscal control of how much money would be appropriated to fund the Pell Grants. I also believe that, in its small way, this Entitlement Program, along with other entitlement programs that Congress passes legislation on, contributes to our national debt. It seems with an entitlement program, you get locked in and have to fund a program year after year.

It is suggested that an increase in the Pell Grant Entitlement year after year be considered on a need basis and fiscal control would be maintained.

I would testify in support of lifting the half-cost provision for Pell Grant recipients to a provision that does not exceed 75% of their total cost of attending an institution, only on the provision that students are eligible and must show a need for the extended benefit. A sliding scale based on family income could be established with benefits from 50% to 75% to be determined at each level of income and this could provide greater benefits to the lower and middle income student, also, it would provide them the opportunity to choose from a broader base of colleges and universities.

Increasing the maximum annual loan amount in the guaranteed student loan program from $2,500 to $3,000 for undergraduate students, and $5,000 to $7,000 for graduate and professional students.—I would testify in favor of increasing the maximum loan amount simply because the cost of the educational services that these students are purchasing are increasing. Therefore, as the services increase, the amount of the loan needs to increase in order for these students to keep pace. At the same time, I would encourage extending the repayment period on these loans from five to seven years, providing the student less of a burden after graduation to pay off the loan.

Merging campus-based programs to campus-based block grants.—I would testify against the idea of merging campus-based programs such as the Supplemental Educational Opportunity Grant, the National Direct Student Loan Program, and the State Student Incentive Grant Program to a campus-based block grant. Under this provision, smaller colleges and universities do not have matching resources equal to the 15 percent or 20 percent match in order to receive a grant and would be losing student aid resources. Students from middle income families would suffer the most under this proposal because of the reduction of their availability of funds to advance their education. Sources from Metropolitan Community Colleges in Kansas City, Missouri, indicate that they estimate they would lose as much as $96,000 if the block grant merger goes into effect.

THE ADMINISTRATION'S FISCAL YEAR 1985 BUDGET RECOMMENDATION

Student aid self-help proposal.—I would testify against the proposal that would require students to turn first to the Federal Work-study Program, and then to loan programs before receiving a Pell Grant. Because I believe it would have a negative effect on the middle income student. The Self-help Proposal forces students into a loan program and puts the students into debt before they graduate from college and have a means to repay the loan. This, I believe, would have a negative effect on the number of students that would be willing to assume this debt and advance their education.

Mr. SIMON. We thank you very much, Dr. Webb. You handled yourself very well with all these Titans here. I want you to know that.

Mr. WEBB. I was a little nervous.

Mr. SIMON. Yeah. Let me just comment just on a couple of things here, and then I have a few questions to all of you.

First of all, the word "entitlement," I think, is—you and I are in agreement, Dr. Webb, on your concluding statement that the Pell grant ought to be the basis. The difficulty right now is that the Guaranteed Student Loan Program is an entitlement.

Mr. WEBB. Right.

Mr. SIMON. That means that's in the law, and you can get it. And it's not subject to appropriations. I happen to believe that that grant program for the kids who need it the most ought to be really—if I had a choice between a GSL being an entitlement or a Pell grant, I would prefer the Pell grant.

Now, I don't want to make that choice. I'm not suggesting that. But what we have done because we have not had Pell grant an entitlement, we have shifted more and more into the loan areas Dr. Olson was talking about.

And that is warping what students do. Whether they go to school, where they serve when they get out of school and so that's the idea of the entitlement is we want to get that base established a little more solidly and move in that direction.

I also think, and I recognize that this whole block grant thing is controversial. We face a very practical problem, and that is we hear from your school saying you want more flexibility. The students are falling through the cracks. But as soon as we suggest flexibility, you say, well, don't give it to us. And I guess thinking—I don't know who did the calculation over in Kansas City, but I don't think they calculated correctly and I'd be happy to have someone from there talk to me about it.

But I don't know where we're going on this cause obviously if the schools don't want it. We're not going to give it to you. But, ideally, it does seem to me the more flexibility we can give you at Rockhurst and Trenton and every other school, the better off you are and your students are, so that we don't have these students who fall between the cracks.

Dr. Olson, if I may specifically—I like your suggestion but I want you to be more specific. If I may quote you?

"I'd also like to suggest specific support be given to improve teaching at the postsecondary education level. Relatively small investment here could well pay significant dividends in the form of more effective, more efficient instruction." How do we do that?

Mr. OLSON. It's a good question. I'm not sure that I can provide a satisfactory answer. But, it seems to me that there could be programs to encourage institutions to provide, for example, developmental leads beyond the regular research leads which would help teachers improve themselves as teachers.

At the University of Missouri, for example, we have a very small program of that kind of lead. And we find that it's a good one. If there were the encouragement of federally funded programs along these lines I think could be helpful. That's one suggestion, Mr. Chairman.

Mr. SIMON. We take a small step in that direction by encouraging faculty teaching and studying abroad.

Mr. OLSON. Yes.

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Mr. SIMON. Which one——

Mr. OLSON. That's correct.

Mr. SIMON [continuing]. One. I might add that one of the things that is discouraging, as you look at American higher education is that a decreasing percentage of our faculty are studying and teaching abroad which obviously cannot be a healthy trend.

Any—as you who look at this thing, and, incidentally, I might say that our bill is, this is not the law of the Medes and the Persians. It is we are eager for your suggestions, and as you reflect on this, I agree with what you have to say, but I'm not sure I know how to get there.

And I figure anyone who's wise enough to be able to retire as president of the University of Missouri ought to have the answers for that.

Mr. OLSON. I'll try to find it for you, Mr. Chairman, I wouldn't want to disillusion you.

Mr. SIMON. Father Weiss, I concur completely on the idea that we want to encourage the small and independent schools.

In fact, one of the things we were talking about at lunch today. What has happened in the last 3 years? We have moved toward segregating American higher education by economics. And that cannot be a good thing.

I'm going to ask Marsh to make sure you get a copy of the full bill. I would like you to just to go through that and look at it from the viewpoint of Rockhurst College. Where are places we can change the bill to more fully meet what you're talking about. I'm not suggesting we're going to be able to accept all the changes you've made but I would be very much interested in that.

Your increase in institutional aid, Father Weiss, went from 556 to 759. That meant money that came from faculty salaries, libraries, and other things, right?

Father WEISS. Well, partially money that we had raised specifically for that purpose through raising an endowment for student aid. But it is true we are putting—most of it came from actually institutional funds and that's right, it's being taken from other possible, for faculty salaries or library material.

Mr. SIMON. And I don't want to be putting words in your mouth, but when the Federal Government doesn't come along with adequate assistance for student aid, what happens at Rockhurst College or Washington University or the University of Missouri or Trenton College, is that you have to use those funds for student assistance, and there is a qualitative impact on your campus. Is that correct?

Father WEISS. Absolutely.

When the financial aid officer comes to me and says that we have this many students whose need is not being met, and we are simply not going to be able to bring them here unless we meet this need, and we need $50,000 more in student aid, well, we say we have to forego something else in the budget and shift that money to student aid.

I think that's—and I'm sure that the rest of the institutions have that same experience.

And it's unfortunate we have not put in the kinds of increases in our library, for example, anywhere near the increases in student

aid, even though the book budget should be increased. But we simply have neglected that and shifted the money to student aid.

Mr. SIMON. On your question, what would happen if Pell Grants were not fully funded? Under the entitlement program, there is no question.

Father WEISS. There wouldn't be any. Yeah.

Mr. SIMON. Yeah. There is no question on that.

Let me ask all of you one of the most controversial questions. And that is 50 percent, 75 percent, where we ought to be—and this is really, I frankly, I have asked John Brademas, the president of New York University, to pull together a small group of college presidents, both public and private, to see if some practical compromise can be worked out, because if we go to the floor with the private and public schools fighting each other, we're not going to get what needs to be done for this country.

If you were just—and I'm just going to ask each of you to give me a percentage—if you were just to give a percentage, you could write that figure into the wall, what would you make it?

Father WEISS. Well, it's hard to answer that question without solving the question of the entitlement.

Mr. SIMON. You're right. Yeah.

Father WEISS. I think if I were sure that you would have the entitlement, I would say 75 percent would be satisfactory. But my concern is that we get the 75 percent in, and then when it gets to Congress and they see the price tag, what this is going to amount to, they're going to say, well, it can't be an entitlement.

We're only going to appropriate this much money, and then we've got 75 percent in. That's going to cut out a lot of students that would get it if they were fully entitled. So, as far as I can see for our own students, a 75 percent with the $2,000 would be very helpful.

Mr. SIMON. As long as you had the entitlement?

Father WEISS. As long as it were fully funneled through the entitlement program.

Mr. DANFORTH. I agree, in part, with President Weiss.

I think that what we have now is a carefully hammered-out compromise among the private and public universities.

As you know, that took an enormous amount of time and effort, and it's a complicated kind of construction, and you can't pull out one thing very easily and say that's ideal unless you look at the whole thing.

And the—basically, the thing that some of us worry about is just that. If one unravels the package a little bit without a whole new worked-out package, that it—there are unforeseen changes that, for example, there's a major shift of students with large numbers going to—from—we worry about, from the higher tuition sector to the lower tuition sector, which, in the long run, doesn't save anyone any money because then there are new capital costs, and you have to build up a whole new sector.

I think it's hard to answer not only without knowing whether there'd be an entitlement, but without knowing, too, what the funding of the campus-based programs would be as well.

Mr. OLSON. I agree with Chancellor Danforth, Mr. Chairman. We have worked out over the years an arrangement, an accommoda-

tion and I am concerned about upsetting it unduly in a period of fiscal restraining high deficits and other elements.

Mr. SIMON. If I can just add by way—and you testified for the 75 as I recall?

Mr. WEBB. Only on the basis of a graduating scale of getting there.

Mr. SIMON. Right.

Mr. WEBB. If not, stay with the 50.

Mr. SIMON. Yeah. We go through this every time we reauthorize and it is a very—it gets really to the—and it's a very carefully constructed—the 75—right now the law—and because we kind of froze ourselves in 1981. Though 70 percent of $2,600, that's why when we moved to $3,000 we moved to 75 percent figuring that's in a line with the tradition of the compromise. But we're going to obviously, we're going to have to work this thing out very carefully and I think working it out is in the works. It doesn't mean that it's going to happen but, I think it is obviously essential that it——

Father WEISS. Mr. Chairman, could I ask with regard to the block grant is there anyway of putting some provision in that would guarantee that this would have to be funded, you know, tie it to the funding level of another program. I know that Congress very much opposes any kind of, you know, trigger mechanisms that would guarantee that this should be funded at a level at least equal to the previous levels.

Mr. SIMON. Yeah. The only way we could do that would be to make an entitlement. Now, what we do have is a grandfather clause in there so that we make sure that we do not, because of a change in formula, there isn't all of a sudden Rockhurst doesn't loose out as you did in your Upward Bound Program.

Incidentally, you in that connection also mentioned another factor that I think we have to look at and I would be pleased at any suggestions of any of you might have or anyone else here. And that is, we're trying to get the assistance a little more need based. Because, frankly as we have studied the results, for example, college work study. The original design for needy students. That's not what has happened with college work study. And so we've tied in the Pell Grant. But, we do not want to be discriminating against schools like yours or to shift things too radically in any other direction. That's why we have a 90 percent guarantee in that portion.

Let me ask one final question then I will get to my colleague here. The $65,000—and I had another question or two for Chancellor Danforth if I can find my notes around here. But, I think you were one of those who mentioned the $65,000 limitation. What we have done there is frankly taken what is now the regulation and simply put it into the statute. Is that $65,000 limitation a problem for you now at Washington University?

Mr. DANFORTH. Yes. But I can't comment very authoritatively on that. Ben Sandler will be on a panel later, Mr. Chairman, and can give you more precise information than I can.

Mr. SIMON. Any other comments from any—Dr. Aery, the $65,000 limitation, is that causing a problem now for many people?

Dr. AERY. I would have to rely on Dr. Sandler again but, I would say from the State's point it causes—it has caused some problems. But I cannot give you exact figures. But more so, it's just having

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to—having to have that cutoff. There's more need for flexibility in that than just $65,000, Chancellor Danforth, in your remark.

Father WEISS. We have a parent that called me just the other day that has three students in college. One in law school and two in college. He's got an income above $65,000 and he just simply does not have the cash available to pay this kind of tuition and there's no source of assistance that's open to that person, except for, you know, a high interest type of loan and it just seems very unfair that that person should be arbitrarily eliminated from access to the Guaranteed Student Loan Program.

Mr. DANFORTH. Could I just comment on one earlier point, Mr. Chairman?

Mr. SIMON. Yes.

Mr. DANFORTH. And that is to express appreciation again for your concern about that and to underline something Father Weiss said about Rockhurst. Washington University and the percentage of our tuition and income and the fact that it's going back into financial aid now has risen in a 3-year period around 20 percent to around 27 percent. And that totals the cost of about $2 million so that the squeeze on the financial aid budget is extremely severe. And it takes away, as you know, the faculty salaries, library, and from many other things from the upgrading of equipment and facilities that we should be doing. And, therefore, I know I speak for all of us in expressing appreciation for your interest.

Mr. SIMON. Mr. Coleman.

Mr. COLEMAN. Thank you, Paul. A lot of the material that I wanted to review has been covered. I don't want to beat this horse to death [sic], but I do think that I need to point out, that we recognize the problem about the sensitive balance between publics and privates and we've discussed it. I'm laying the groundwork as to why I'm not sponsoring this bill at the present time with Paul Simon. And that's one of the fundamental reasons is that I agree with you, Dr. Danforth, that we have created, I think all of you agree, publics and private, a very sensitive balance between the two systems and to go forward into a reauthorization program without an agreement and an understanding as to where we're going to end up, I think is a very difficult proposition. And it's not very constructive when we end up having and I'm glad that you all did not engage in this today, of dividing the community among itself. I hope that when you leave the room that it won't happen either. I'm sure it won't. But, this is very difficult.

Mr. SIMON. If my colleague would yield for 1 minute. One of the—I don't mean to disagree but, we do disagree once in a while.

Mr. COLEMAN. We do disagree on this one.

Mr. SIMON. But, I think inevitably this come down—you're not—you're never going to agree in advance on this. We're going to have to come down to that final deadline and then, and this is what's happened—I've only gone through this one time. But this is what happened before. And I think it's what's going to happen again, that we're not in advance, nobody wants to concede. It's a little bit like labor management. You've got to get down close to that deadline before you reach an agreement and I think that's where we are in the private-public. Excuse me.

Mr. COLEMAN. The question is about funding and entitlements. I think it's very healthy to hear from those who would be helped and assisted by making this an entitlement program. I'm hearing some things I heard last night at my town meeting in my district in which people were concerned about the deficit, the budget, and interest rates. The entitlements is the area where we've almost lost control by the Congress on the fiscal side of things in Washington. So I'm encouraged by the healthy signs that you show of recognizing that it might be good for your institutions, it might be very self-serving, but we have larger consequences and a larger agenda in this Nation that we have to look at and I congratulate all of you.

Father Weiss, you mentioned it would be nice to receive this but are we not raising false hopes if we don't fully fund it? And I would be very very shocked if not extremely surprised if the Congress were to fully fund any entitlement programs that we would pass. The appropriations process is much different than the process we're going through here. We're simply writing the parameters and then the Congress has to pass the actual dollars. And I don't suggest and don't think that they will pass the dollars to fulfill any authorization that we might make. So isn't it creating false hopes on how we would instruct a student to even fill out the forms correctly knowing what that family might receive under various scenarios of what Congress might do on a year-to-year basis. Again, and this is no reason, these are disagreements, but I think that I would hope they could be recognized and reconciled before the end product comes into existence.

Dr. Danforth mentioned the desire for a competitive fellowship program and we have yesterday introduced a bill which would do that. And I think maybe Dr. Olson will address some of those concerns in his remarks later. We've heard a lot about the administration's proposal. The information that I have is that the current law funded about $2.8 billion. And we're not talking about GSL's, we're talking about Pells and the campus based programs. The administration's proposal would be between $2.8 and $3.7 billion. CBO Congressional Budget Office figures depending on participation. Congressman Simon's proposal was estimated at about $5.4 billion. Dr. Olson has addressed this in his handout but, I'd like to ask him some specifics. What would the effect of the President's proposal—self-help proposal—where a student would make a $500 or 40 percent contribution up front and then be qualified for a grant after? Dr. Olson, you have indicated in your attachments some information. I would like to have you if you could supply me with a little bit more specifics, for example, you talk about how much available you have now under Pell Grant awards. $6.9 million. You say that 70 percent of the students would be negatively impacted but, you don't give me a dollar figure on that change.

Mr. OLSON. May I provide that to you by letter?

Mr. COLEMAN. Please.

Mr. OLSON. Yes, indeed.

Mr. COLEMAN. And the same situation we note in the college work study program, you indicate that it would go up. By how much.

Mr. OLSON. OK.

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Mr. COLEMAN [continuing]. I guess the bottom line I'm suggesting is that maybe the total awards would not be that much than what they are currently but just would be from different sources. If you could supply me that I would really be appreciative of it.

Mr. OLSON. I would be happy to do so.

Mr. COLEMAN. Would any of you other Presidents care to address the philosophy or the concept of the administration's proposal, albeit, not going too far too fast on self-help? Any takers here?

Mr. WEBB. Well, I did in my comments. I did address it briefly, and to me it's a negative effect on the higher education process because I just feel like with the middle and lower income students that they just will not take advantage of that. They can't afford to take advantage of that, therefore, they just don't go. That's where it is.

Mr. COLEMAN. Including an increase in work study goes with it.

Mr. WEBB. That's right.

Mr. DANFORTH. I think I tend to agree with that. We—our director of financial aid, Ben Sandler, will be testifying, and he is closer to this, and we can get a more considered opinion to whether he has studied it and respond today. Will do so.

Father WEISS. You know, I'm not sure that I have all the facts accurately enough in mind to respond, but the problem I think with the lowest income student is that frequently they need whatever resources they can muster in terms of, you know, work during the summer, and that kind of thing to help their families, and to just manage to live.

Now, when you talk about taking from them a certain amount, you know, of self-help, I think it's just—it's not the same as a student who is from a pretty solid middle-class family that can, you know, can afford to cut out that amount of self-help and go on from there. So I think that's a difficulty. It doesn't really meet the needs of the really poorer students, and there are a lot of them around.

And the problem with putting all the emphasis on work study and loans is that I think we've come to the—pretty much at our place a maximum that we can handle on the work study.

Now, I am not against some increase in the work study program, but a drastic increase is going to be very hard to accommodate and to really use beneficially. The students are working the maximum, and the jobs are taken up. Then I think we begin to get into, you know, artificial ways of creating jobs, and I don't think that's very helpful either.

Mr. COLEMAN. All of you mentioned support for increasing aid to facilities. How would you envision that program, to operate on a matching basis? Could you just briefly address that?

Father WEISS. I would envision a matching basis, which I think would be a very healthy way to encourage institutions to do things that need to be done for the handicapped, for energy, for needed types of renovations and updating of scientific and other instructional equipment and facilities. And I think the matching would give us an incentive to go out and raise money, and for the public institutions to go to the legislature.

Mr. COLEMAN. Everybody substantially agrees with that?

Dr. Olson, recently the Missouri legislature had before it a bond proposal and maybe still does. I'm not sure. I get my information a

little late in Washington. Were any of the facilities in the campus part of that bond construction proposal?

Mr. OLSON. Oh, yes. A very substantial amount of the funds were to be made available through the sale of bonds; would go to higher education. All the public institutions in Missouri would benefit and the University of Missouri very substantially.

Mr. COLEMAN. Is that proposal still alive in the legislature?

Mr. OLSON. It's still alive, but there doesn't—I'll defer to Dr. Aery, but there does not seem to be a great deal of chance that it will be moved forward in this session of the legislature.

Dr. AERY. It is said in the law that of the renovation and major construction, 36.3 percent of it must go to higher education. It is—we have had 175 million or so bonds issued. It does not look like this session we'll have any bonds issued.

Mr. OLSON. If I may. That would provide specific incentive if there were a Federal program. You know, the old program of providing specific funds for specific projects was a good one. The Federal Government did assist many institutions in building facilities. The program was in effect before revenue sharing attempted to take that over.

Dr. AERY. I would hope though that any policy like that we would look at renovation and maintenance before we look at new building in this kind of facility.

Mr. COLEMAN. In the closing I will ask some questions of your student aid officers. But I'm intrigued with your suggestion about having some escape valve for people who do not qualify for any of our loan programs; that they be made at an unsubsidized rate to be paid back after the attendance. I'm glad you made that point. I'm going to explore it further.

Father WEISS. It seems to me that that would be relatively inexpensive to the Federal Government. Now, obviously there is a guarantee and that sort of thing. But it really would help families like the one that I mentioned before that simply have a cash problem and there's no way they can finance the kind of education that they would like to give to their children. They're willing to pay for it, but they have to have some access to the funds.

Mr. COLEMAN. Thank you very much, all of you.

Mr. SIMON. If I can just add one more—you're getting a mini debate of what will take place in the committee. Let me just respond very briefly to a couple of comments of my colleague, for whom I have great respect. And I think there's still a very real possibility we're going to end up with a bipartisan bill that we can agree on.

But as far as confusing anyone, this reauthorization bill applies to fiscal year 1986. We're not talking about anything that's going to apply in the immediate future.

As far as raising false promises to people, if we don't dream a little, and reach a little in what we ask for, what we're going to get is going to be miniscule. And I'm not suggesting that I'm going to get everything we have in this bill that's introduced. But if we don't start with some goals that are fairly substantial goals, we're going to end up with almost nothing.

I would also point out that the shift in more toward grants than to loans ultimately saves money for the Federal Government be-

cause we do not end up with those long periods of subsidized loans. And I think that that is important.

And then, finally, on the cost that has been estimated I would simply point out we have had the drop according to the college board of approximately $2 billion in assistance assistance for higher education, and the preliminary estimate from CBO, and we're going to get a more refined estimate soon, is based on the fact that if the reauthorization bill that I've introduced were to pass there would be an additional 500,000 young people going to college. An additional 500,000 people going to college would be a tremendous plus to this Nation, and I have calculated even assuming you don't add inflation. They would repay just in tax increments about $20 for every dollar we invest, not counting what happens to the economy; not counting what we do otherwise to lift this Nation.

So I hope we don't become too shortsighted in what we want, where we want to go anyway.

That's the end of my speech. All right. And, I, again, thank the five of you for your testimony, and I think we'll include you as one of the Titans, too, now, Dr. Webb. All right.

Dr. WEBB. Thank you.

Mr. SIMON. It's been suggested we take a 5-minute break and we shall do so, and renew the hearing again in 5 minutes.

[Recess.]

Mr. SIMON. We will resume. Mr. Robert Brooker of Southern Illinois University is the witness at the end of the scheduled program. We are switching around because of schedule complications for Dr. Olson and have the graduate education panel next. I regret to say I have to grab a plane. I'm not going to be able to hear all the witnesses but I will be reading your testimony and getting your wisdom indirectly, but it's not the same thing as—as hearing you personally and I apologize for that. I—and I'm going to turn the chair over to my colleague, Tom Coleman, who again has contributed a great deal and I'm grateful to him. Tom, it's all yours.

Mr. COLEMAN. Thank you, sir, for spending the time here today with us. I appreciate your kind comments. Again, we're on title IX so if anybody's following our program here we're on graduate education to try to help people with their scheduling problems also. So I guess our first witness will be Dr. Barbara Hansen from Southern Illinois. Now I don't know how these people from Southern Illinois got in here but they're represented here today.

Ms. HANSEN. We have pull.

Mr. COLEMAN. Dean of the graduate school at SIU and welcome, Dr. Hansen.

Ms. HANSEN. It's not on.

Mr. COLEMAN. It's not an amplified mike. It's to tie in with the recorder.

Ms. HANSEN. Oh.

Mr. COLEMAN. We're somewhat limited in time and all of your formal statement will be made a matter of record. And if you want to condense or abbreviate in some fashion, we'd be most happy; and try to limit it to 5 to 10 minutes if you could. Thank you.

STATEMENT OF BARBARA HANSEN, DEAN, GRADUATE SCHOOL, SOUTHERN ILLINOIS UNIVERSITY

Ms. HANSEN. I'll be happy to abbreviate. We did provide you full written comments and I did hear the debate and discussion of the last half hour or 45 minutes. So I'm going to just highlight a few things that may not have been hit quite as firmly or that you—might be of particular use in formulating of your plans, some examples that you might be able to use. SIU has approximately 100 graduate programs. Most individuals are not aware that such comprehensive universities exist outside of major cities. We have almost 4,000 graduate students and as you know no two students ever complete the exact same graduate program no matter what they come in as. And I think that's one of the key things that ought to be considered when looking at graduate education funding, that it's intimately tied to the research and the scholarly needs—scholarly activities of the faculty themselves. And, of course, that's one of the reasons that I personally am in favor of seeing campus based fellowship programs that will permit the campuses to determine where the strengths, the research priorities, the academic priorities, the strength of their faculty and their offerings are. We—we have 72 percent in-State students, 13 percent out-of-State from within this country and another 15 percent from foreign countries and we are one of the bigger international educators so we do have quite a concern with the international ed bit. But I will pass that on to a later part of the hearing. We are concerned about the library, title IIC—former title IIC piece of funding. Research libraries have proven a major resource for this country. Our university happens to have the 49th largest university library but it is the 9th in lending books and periodicals to other libraries. I'd repeat that, 49th in the country, 9th in lending and I make that strongly because it proves that we're such a regional resource, that we provide resources to all kinds of other libraries in the region. And I think that's—that's a key kind of service that a university can't afford to pay for. We have to be looking to the Federal Government for support and assistance in keeping the research quality of our library. I know that this title has not been too much oriented toward facilities. I've talked with Paul Simon about it. He feels that research facilities ought to come out of the mission agencies, so to speak. I think there's a piece missing however and that's academic facilities. There really at this point is no place to go for major renovations, for upgradings in the academic side, in the computer laboratories for instructional purposes. We have some special entitlements to get the major computer moneys from NSF but that's not meeting the instructional need and I hope you will at least consider that area. We—we certainly are concerned about the lack of fellowship support in the humanities, the arts and hope that you'll find some nice compromise. For example, the—including areas of national interest in—in that line that will allow some significant increase in support in those areas. We—we are also concerned about the debt limit of graduate students. Our new faculty are coming on at extremely modest salaries. I have an example for you. We have a new assistant professor who is receiving a salary of $2,005 per month. He did his Ph.D. in 7 years which happened to

be what's required by his program in a major university in this country and has a $16,000 debt at this point. And he's paying 10 percent of his income per month, 10 percent per month, 10 percent per month, and it'll take him 10 years to pay off his debt. That's the kind of debt that we are having a hard time dealing with. Language study and fellowships in the area of languages and area studies we believe are important and certainly an area that has not received sufficient emphasis and I think it's not even sufficiently emphasized as it currently stands in this—in this bill. Our students borrowed $2.6 million in 1 year, that's this past year. And that emphasizes that independent status of graduate students. We realize the problems of medical schools and some of the professions that—and the concerns that they have but, in fact, even the majority of medical students are, in fact, independent despite some of the comments by a small group of medical schools. Finally I'd just like to emphasize our concern with the availability of merit fellowships. Entitlements are needed for undergrad and if we have unlimited resources certainly we would welcome them at the graduate level. But graduate education is not something to be spread evenly across the masses but to be using the means to attract the highest quality and the most meritorious students. Thank you for the opportunity of addressing this group.

[Prepared statement of Barbara Hansen follows:]

PREPARED STATEMENT OF BARBARA HANSEN, DEAN, GRADUATE SCHOOL, SOUTHERN ILLINOIS UNIVERSITY

Mr. Chairman and the Subcommittee on Post Secondary Education, the Graduate School at Southern Illinois University at Carbondale appreciates this opportunity to testify on the proposed reauthorization of the Higher Education Act of 1965 and the Administration's fiscal year 1985 budget.

I want to discuss today the nature of graduate education as it is carried out at Southern Illinois University and the contribution that federal programs and federal support make to the successful completion of the graduate and professional education of 4,137 students at Southern Illiniois University. As you undoubtedly are aware, graduate education has a variety of components to it and no two programs and seemingly no two students and their program needs are precisely alike. Many of these needs and programs are developed and support in consultation with faculty and graduate education and research are linked. So much of the character of graduate education is shaped by research progress in the fields and disciplines which we embrace at the University.

Southern Illinois University offers 22 Ph.D. programs and 73 master's degree programs in addition to graduate programs leading to degrees in law and medicine. Together, these programs have an enrollment of approximately 4,137 of graduate students and in a recent year May and August (1983) we awarded 176 Ph.D.'s and 723 master's degrees to individuals. Of these degrees, the vast majority of them were for citizens of the State of Illinois although we do have a substantial number of foreign students and out-of-state students so that our total enrollment picture is 72 percent in-state and 13 percent out-of-state for citizens of the United States and 15 percent foreign students. The foreign students, of course, are not eligible for any federal aid programs but for the rest of our student body the federal aid programs provide a vital and necessary addition to the mix of support programs that are available at Southern Illinois University. I want to come back and speak at some length about student financial aid programs, but first in addition to financial aid programs, Southern Illinois University benefits from other federal support dollars that follow through the Higher Education Act. We have a substantial investment in our Library on campus and this investment has been supported in part over the years by federal support in Title II for library services and construction. Unfortunately, this money has been cut severely over the past several years. No university can continue to provide front-line research activities without substantial investment in library resource materials and the new technologies that support more rapid access to information contained in various source materials. The continued proposals to eliminate

federal support of libraries and research libraries is a disservice that should be remedied as quickly as possible. Our library serves not only as a resource for our graduate students and faculty but for this entire area of the country and our student body and service area comprises a good portion of at least three states and what we should be doing, in my opinion, is expanding access to the research materials that are available and federal support would aid this effort. In terms of facilities, as you well know, Southern Illinois University has grown rapidly in the last twenty years. Some of the growth was assisted by the Federal government; currently, no new construction is under way with federal support on our campus. The needs, however, remain great and our funding from the State has not always been what we wish it to be; on the other hand, the State of Illinois, too, has certainly helped us to expand to meet the needs of our citizens. What is now needed, however, is a different kind of facility support than that we have received in the past. In the main, we have most of the buildings we may need with the exception of modernized laboratory facilities, but what we need to do now is to, in many cases, renovate and technologically upgrade our various academic and research facilities in order to take advantage of technological advances that have taken place over the last two decades in order that we may provide our students and faculty with the most up-to-date physical facilities to support their intellectual efforts. Quite simply, we are falling further behind every year. Some kind of facility support for both new facilities and renovated facilities and increased research laboratory facilities needs to continue to come from the federal government. Now, it is quite appropriate that these grants and/or loans be available on a competitive basis but we should see further initiatives and further federal support in this area.

Let me shift now to a discussion of federal support of graduate programs and the variety of problems that our graduate school and graduate students face at Southern Illinois in 1984. Our enrollment levels have held reasonably steady over the past number of years. We have had a certain amount of success in recruiting minority students to our graduate programs and somewhat higher level of success in recruiting women to participate in our graduate programs. Financial aid and the questions of financing graduate education once again now becoming a significant barrier to further growth in the enrollment of minorities and women and are posing questions for graduate enrollment in general. We are simply not able to provide support for all of the graduate students who apply and indicate financial need at Southern Illinois University. What happens to these students has a great deal to do with the future of this country. I have yet to see projections of any kind in any area that suggest we will need less talent and less intelligence and less advanced education to deal with the problems that will confront our nation, our national economy, our national defense, and our national interests overseas without the minds and talents of a future generation to bring to bear on all these potential problem areas, and yet, the current policies in federal financial aid at least in graduate education seem to be going in exactly the opposite direction. The last four years has seen a continuous stream of proposals to end or reduce financial aid programs in the area of graduate studies. Most of these proposals have not become law, but their persistence has to be of some note and has to have an overall cumulative effect in the plans undergraduate students make concerning graduate education. I believe that is why we see such a tremendous increase in enrollments in the professional programs where the guaranteed income or rather where the return on the investment of one's time and one's money in advanced education is most clearly to be paid off. However, the country needs individuals of greatest talent and commitment scattered throughout the fields and disciplines of graduate education. As you well know, not all of those fields provide more lucrative financial remuneration particularly if those fields involve teaching and areas of research in the arts and humanities and social science. In fact, what I believe we are developing is a two-track kind of support for graduate education—those students who are in professional areas or who are in the natural sciences and most fields of the health sciences are able to receive generous levels of support from the variety of federal agencies and graduate education and research in those areas continues to be largely unaffected by federal funding cutbacks. On the other hand, the almost complete absence of support for graduate study in the arts, humanities and most areas of the social sciences means that increasingly students in these areas have had to turn to the guaranteed student loan program or other forms of loans and work as a way of financing their graduate education and their opportunities for research and for advancement and for just solid thinking time are therefore diminishing. This suggests that priorities in the direction of federal support of graduate education need some amount of revision. We must reconsider our priorities as they are expanding our support of graduate programs in graduate fellowships in natural sciences and in the health sciences area and at the same time

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cutting them back or proposing to eliminate support in the arts, humanities and social sciences. The fellowship programs and the research support programs that are in the mission agencies of the federal government while they did absorb initially some cuts in the early 1980's have since regenerated and begun to expand to take up the nation's need for advanced education in all of these areas. In arts, humanities and social sciences and in those programs that have their federal path of support funneled through the Department of Education, on the other hand, programs have been cut back. Proposals continue to persist in the fiscal year 1985 budget to eliminate support for graduate fellowships in the Title VI International program area; in the Title II library area and in the Title IX graduate fellowship area. We must reverse this course. Otherwise, graduate debt levels will continue to rise and the opportunities for graduate education in fields outside of the so called "hard sciences" will continue to wither in the winds of the federal support process. What is needed is a combination of developments and Mr. Simon's reauthorization proposals which begin at least to speak to all of these areas. As I have indicated, previously, we do need additional federal support for libraries, research libraries, and research facilities. This will go towards rebuilding our research capacity in all areas of the University. We also need new fellowship programs and expanded fellowship programs for minorities and women such that the opportunities for advanced graduate education continue to grow for all segments of our complex multi-racial, multi-cultural society. In addition, to increased support levels for existing programs, we also need some new programs. There are two suggestions brought forward by the subcommittee that have been made that I want to commend, and I urge that these opportunities be expanded if at all possible. The first of these is the continuation and actual appropriations for the National Graduate Fellows Program. Adding a federally financed fellowship program in areas of national need and particularly in the areas of the arts, humanities and social sciences will give us a core of support for the very best students in these fields and these fields need to be nurtured now particularly when they are not in high favor in the economy. I am convinced that talent will be needed in these areas in the future and this, of course, includes the areas of language study and area studies. We must increase our hard knowledge of the language and culture of areas throughout the world. We are just not doing enough in this area.

The second program that the reauthorization proposals discuss is the notion of adding graduate students to the Pell Grant program for the first year of graduate studies. In my opinion, this addition of a need-based grant program to the current array of federal financial assistance programs at the graduate level will substantially increase graduate opportunities for those individuals who are reluctant to assume large debt burdens in order to pursue advanced levels of education and of course, implicitly by supporting both of those programs I am indeed also supporting any initiative that the federal government might take to reduce graduate student debt levels. Graduate students at the Southern Illinois University at Carbondale borrowed some $2.6 million dollars in guaranteed student loans. This is an enormous sum of money and to think that these graduates go out into the world with new degrees, new skills, and start new careers with this burden is astonishing to me; but, clearly, with no other kinds of financial assistance available, this is what our students are doing. This argues that their commitment to learning new skills for themselves and for the needs of the nation are, in fact, extraordinary and we just should be doing something more to support these individuals. We also mention the question of independent student status for graduate students. Most graduate students that we have at Southern Illinois University are financially independent from their parents. I commend Mr. Simon for his recognition of this fact and for his proposal to make graduate students independent by definition.

I thank you for this opportunity to present my views and I commend your efforts to achieve increased levels of support for graduate education in the next reauthorization of the Higher Education Act. Graduate education was largely left out of previous reauthorization exercises and it is a great pleasure to participate in this hearing policy developing process that you have brought to St. Louis today. I would be pleased to answer any questions the Committee might have at this time.

Mr. COLEMAN. Thank you and I'll reserve my questions until the entire panel presents their testimony. Dr. Edward Wilson, dean of the graduate school here at Washington University.

STATEMENT OF EDWARD N. WILSON, DEAN OF THE GRADUATE SCHOOL OF ARTS AND SCIENCES, WASHINGTON UNIVERSITY

Mr. WILSON. Thank you, Representative Coleman and—and to Representative Simon for the opportunity given me to speak here. I'll try and follow your guidance to summarize for a—a number of things and to elaborate in more detail in written testimony. The recent proposals for reauthorization contain a host of very welcome changes and innovations in Federal assistance to graduate study but I'm going to limit my remarks to four areas where I believe the need is especially critical. The top priority is one touched on by Dr. Hansen, that being fellowships for graduate students. The second one has been discussed at some length here today are funds for improvement of research libraries and research facilities. The third which was alluded to in the last panel incentives for new programs for teacher training and then the various title IV programs as they apply to graduate work. I think all of us are quite well aware of the huge success of the NFS and MDA programs in building up graduate studies in the late sixties and early seventies and the equally unfortunate drop in both numbers and, more painful, quality as well with the reduction in those programs. I haven't heard any graduate dean argue that it's appropriate to build the enrollments back to what they were in the sixties but we are very, very concerned that we not see a continuing decline. The current absence of any federally funded fellowship program in the humanities is very, very unfortunate. It does send a signal to our talented undergraduates in the area that it's not one where the Nation sees high priorities and that's regrettable. For that reason I then was very, very pleased to see the proposal by the chairman to create under part C of title IX the National Graduate Fellowship Program providing merit fellowships to students of the arts and humanities, social sciences, as well as areas of national need. I'm aware that Representative Coleman has recently suggested a fellowship program which, instead of creating portable fellowships would create institutional fellowships in a variety of areas. And I very strongly support the notion of institutional fellowships as did Dr. Hansen. Perhaps one might really envision a double structure with a little bit of both. My one concern is that the proposal put forward by Representative Coleman is the limitation in areas, particularly the—the absence of the humanities. It's quite true that by comparison with the humanities the physical and biological sciences is being pretty well funded. I'm a mathematician and some numbers that I've seen recently are very, very disturbing. I'll quote them briefly. From 1973 up till last year we saw a drop of 41 percent in the number of Ph.D.'s in mathematics awarded to U.S. citizens. The absolute number is 774 down to 455. That gets hidden when you look at enrollment figures. It doesn't show anything like a 40-percent drop in mathematics enrollment. The reason is that in the same period we had a corresponding increase from 22 percent to 39 percent in the number of mathematics Ph.D.'s awarded by institutions in this country to foreign students. We are very, very fond of our foreign students and they're delightful but that drop in domestic Ph.D.'s is one that should be a matter of some national concern. And it's for that reason that I certainly do support initiatives in

various directions for merit fellowships as well as research assistant- ships in sciences. The disproportionately small percentages in minorities and women in many areas of graduate study remains a matter of national shame and it's therefore extremely regrettable that G-POP is the only national fellowship program addressing those shortages and it's been threatened repeatedly with abolition and continued only with inadequate funding. G-POP programs have suffered from some other drawbacks, notably from administrative problems that I allude to in my testimony and the stipend level is frozen at 4,500 per year. That frozen stipend level has served to create in the minds of some the impression that the program is a second rate one and that's highly undesirable. And therefore I—I strongly approved of the suggestions of both the chairman and Representative Coleman for increasing the stipend level, 8,500 or 9,000 are the numbers frequently talked about. It would also be hopeful within the future that the administrative procedures for the program might be a little closer to those employed by the NSF Program. I'll skip over my comments on research libraries and facilities because that topic has been quite well covered. The last panel did describe, or did touch on, mechanisms for Federal assistance to teacher training. In my testimony I talked about a couple of ideas that we've had here that are still under discussion. I think they suggest a sort of wide-ranging initiatives that I think we're going to find in the next few years throughout the country. I don't think we're ready yet to suggest any countrywide program, but it would be entirely appropriate and it's my hope that the authorized bill will include strong support for initiatives wherever they arise.

My final comments concern the use of title IV money for graduate purposes. There we have found the use of college work study money for graduate students to be enormously helpful and we applaud the proposed rewording of the reauthorized legislation making explicit the appropriateness of these funds for undergraduate and graduate activities. It has been suggested that there should be a mandate in the legislation of a 10-percent set-aside of college work study money. We do not see the need for the 10-percent set-aside. At this institution we're currently spending well in excess of 10 percent of the institutional CWF allocation for graduate activities. We have a slight fear that a mandate of a set-aside might suggest to some that it is inappropriate to use considerably more and think that's something that should be an institutional decision. We hope the Congress will continue to view with approbation the entire college Work Study Program and continue to fund it in a way commensurate with inflation. The use of Pell Grants for first year graduate students would certainly be a value to many deserving students. However, I would not be able to favor that approach if the result were to be an inability to meet the other financial needs that I've discussed above. It would greatly add, of course, to the—the cost of the entire Pell Grant Program. The suggestions of the chairman for improvements in the GSL Program by elimination of the origination fee and raising of the loan limit to $7,000 per year for graduate students are extremely welcome. In my written testimony I've included some tables noting our current unmet need at graduate levels for more CWF funds and the rapidly increasing GSL loan amount that we've seen in recent years. And I

agree with others who are suggesting that in the short run we believe it would be appropriate to maintain GSL roughly in current terms while simultaneously using alternative support means to decrease the dependence on loans by graduate students. Thank you very much.

Mr. COLEMAN. Thank you, doctor.

[Prepared statement of Edward N. Wilson follows:]

PREPARED STATEMENT OF EDWARD N. WILSON, DEAN OF THE GRADUATE SCHOOL OF ARTS AND SCIENCES, WASHINGTON UNIVERSITY

Thank you, Mr. Chairman, for the opportunity you have given me to discuss my perceptions of current funding needs in graduate education. The recent proposals by the Chair for reauthorization of the Higher Education Act of 1965 contain a host of extremely welcome changes and innovations in federal assistance to graduate study. In the interests of brevity, I shall limit my remarks of the following areas where I believe the need is especially critical.

1. Merit-based Fellowships for Graduate Students.
2. Federal Aid for Improvement of Research Libraries and Research Facilities.
3. Incentives for New Programs in Teacher Training.
4. Applicability to Graduate Work of the College Work Study and Other Title IV Programs.

The success during the late 60s and early 70s of the NSF and NDEA Fellowship Programs in attracting large numbers of high quality students to undertake graduate study has been well documented. The reduction in these Fellowship Programs over the past ten years has contributed to an equally well documented national decline in both graduate enrollment and quality of graduate students. Few would argue that it is appropriate to build enrollments back to the levels of 15 years ago. However, immediate steps must be taken to avoid continuing declines in enrollment and quality. Merit Fellowship programs underwritten by the federal government can provide a much needed signal of national priority on the worthiness of graduate education and an incentive for talented undergraduates to pursue their academic interests. The current absence of any federally funded Fellowship program in the humanities is especially unfortunate. At Washington University, we have been able to establish a handful of privately funded Special Fellowships in certain areas within the humanities; these have proved to be successful in attracting a number of extremely well qualified matriculants to our programs. Although we continue to seek private funding for special fellowships in other areas, it is most unlikely that we will be able to meet all of our funding needs in such diverse areas as foreign languages, Asian Studies, Comparative Literature, and creative writing. For these reasons, the proposal by the Chairman to create under Part C of Title IX a National Graduate Fellows Program providing merit fellowships to students of the arts, humanities, social sciences, and other areas of national need is especially welcome. I believe an ideal structure might involve a combination of portable fellowships and institutional fellowships. It would therefore be doubly welcome if the program proposed by the Chairman were matched by another program of merit fellowships allocated to institutions through a competitive process. By comparison with the humanities, the physical and biological sciences are currently well funded. However, at this institution and elsewhere, the impact of enrollment drops in these areas has been masked by a sharp increase in the number of foreign students. For example, in my own discipline of mathematics, the 41% drop from 774 Ph.D.s awarded to U.S. citizens in 1973 to 455 such Ph.D.s last year has been compensated by a corresponding increase from 22% to 39% in the number of all mathematics Ph.D.s awarded by U.S. institutions to foreign students. Physics and engineering have seen a similar phenomenon. For this reason, I strongly support the suggestions made by Senators Danforth and Eagleton in their blueprint bill on University Research Capacity Restoration for an increase in the number of merit fellowships and research assistantships awarded in the sciences.

The disproportionately small percentages of minorities and women in many areas of graduate study remain a matter of national shame. It is therefore extremely regrettable that G-POP, the only national Fellowship Program uniformly addressing the shortages, has been threatened with abolition repeatedly in recent years and has ultimately been continued with very inadequate funding. The G-POP program has suffered from additional drawbacks:

(i) Stipend levels frozen at $4500/year and serving thereby to foster the impression that the program has a second-rate aura; (ii) late award schedules greatly in-

hibiting the usefulness of the fellowships for recruiting purposes; (iii) restriction to at most six program areas supported by G-POP at any given institution; and

The proposal by Chairman Simon to increase the G-POP stipend level to $9000 is one I strongly support. In general, I believe the program would be greatly strengthened by an effort to keep stipend levels and administrative procedures compatible with those employed by the NSF Fellowship Program. In particular, administrative changes serving to establish an early award schedule, eliminate program restrictions, eliminate a need test for recipients, and clarify award criteria would be beneficial.

Aside from securing qualified faculty, the most difficult task for graduate institutions is to provide the funds necessary to maintain up-to-date research libraries and research equipment. There is currently a need nationwide for very large expenditures in these areas. The ability of graduate institutions to provide well trained scholars for the future and to continue to supply the basic research demanded by industry depends to a large extent on our meeting this need. I therefore strongly support the proposals of the Chairman and Senators Danforth and Eagleton to provide federal funds for this purpose.

Our national attention has recently been focused on instructional and curricular inadequacies in our secondary schools. Title V of the proposed reauthorized Higher Education Act proposes several welcome mechanisms for federal assistance in these areas. By way of illustration, I will briefly mention two program ideas discussed at some length this year at Washington University. The first idea was to initiate a summer enrichment institute for local high school mathematics teachers stressing concrete techniques appropriate for the integration of computers into the teaching of upper-level high school mathematics courses. Preliminary contracts with local schools suggested the existence of considerable interest in this proposal on the part of teachers. However, efforts to secure needed funding from private sources for an institute this coming summer failed, and we are therefore forced to delay implementation of this idea for at least another year. Our second program idea is to create a teaching-internship program for graduate students willing to explore the career possibility of secondary school teaching. This would be a two-year Master's program involving a combination of graduate course work, teaching assistantships in freshman-level college courses, and two or three semesters of part-time teaching in secondary school. In order to attract very high quality students, the University would provide full tuition scholarships for students and would seek to provide outside support for student stipends compatible to those offered Ph.D. students. Several local school district superintendents have expressed a willingness to provide part of these stipends in return for teaching services rendered in their schools. Hence we have the ingredients for one of the much discussed school-college partnerships. However, to complete funding of stipends and to provide additional support for current teachers desiring to take a year's sabbatical leave for advanced study, a third partner is needed. It is my hope that the reauthorized bill will provide strong support for a variety of initiatives such as these in teacher training.

My final comments concern the current and proposed use of Title IV support for graduate purposes. We have found the use of College Work-Study money for graduate students to be enormously helpful and applaud the proposed rewording of the reauthorized legislation making explicit the appropriateness of these funds for both undergraduate and graduate activities. Since we, along with many research institutions, currently spend well in excess of 10 percent of our institution's CWS allocation for graduate activities and fear that a mandate of a 10 percent set-aside in CWS for graduate students might convey to some a suggestion that it was inappropriate to use a considerably larger percentage for this purpose, we believe that optimal institutional flexibility can be maintained without set-aside stipulation. It is my hope that the Congress will continue to view with approbation the entire CWS program and will in the future make increases in its budget commensurate with inflation. While the use of Pell grants for first-year graduate students would undeniably be of value to many deserving students, I do not favor this approach if the result were to be an inability to meet the other financial needs I have discussed above. The suggestion of the Chairman for improvements in the Guaranteed Student Loan Program by elimination of the origination fee and raising of the loan limit to $7000/year for graduate students are very welcome. In my written testimony I have included tables indicating our current use of Title IV monies for graduate purposes. Particualrly noteworthy are the unmet need for CWS funds and the rapidly increasing average GSL loan. I echo the conclusions of others that it would be desirable to maintain the GSL Program at roughly its current budgetary level in the short run, while simultaneously using alternative support programs to decrease the dependence on loans by graduate students.

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Thank you again for making it possible for me to speak with you on these matters. I will be happy to respond to any questions you may have.

APPENDIX 1: FEDERAL FUNDS USED BY WASHINGTON UNIVERSITY GRADUATE STUDENTS

[As processed by the Financial Aid Section of the Graduate School of Arts and Sciences]

Year	Graduate and professional opportunities program (GPOP)		Guaranteed student loan (GSL)			College work-study (CWS)			National direct student loan (NDSL)		
	Amount	Students	Amount	Students	Average award	Amount [1]	Students	Average award	Amount	Students	Average award
1979–80	$138,125	12	$307,654	124	$2,481	$430,813	157	$2,744	$65,500	29	$2,258
1980–81	148,440	16	494,275	181	2,731	755,128	235	3,213	106,450	33	2,008
1981–82	203,324	23	693,170	191	3,629	409,878	124	3,297	89,250	44	2,028
1982–83	178,500	22	617,913	153	4,038	377,468	102	3,701	115,750	45	2,572

[1] The dollars in this column include total compensation (federal share—65 percent plus institutional share—35 percent).

Please note.—(1) the GSL average award each year is increasing, thus increasing total indebtedness. (2) while the totals for both CWS funding and the number of students have decreased, the average award has increased. This increase has been in part to meet rising educational costs and to assist in maintaining stipend levels that are nationally competitive. For 1983–84, we could have used $139,318 additional CWS funds which would have assisted 32 more students.

APPENDIX 2: 1982–83 USE OF FEDERAL LOAN PROGRAMS BY WASHINGTON UNIVERSITY GRADUATE STUDENTS

	NDSL		GSL		PLUS	
	Number	Amount	Number	Amount	Number	Amount
Anthropology	2	$7,500	2	$7,500		
Art and archeology			1	2,500		
Biology and biomedical sciences			16	55,703		
Chemistry	1	2,600	4	19,005		
Classics	1	2,500				
Comparative literature	2	4,000	2	6,300		
Earth and planetary sciences			3	9,000		
Economics	1	2,300	12	42,153		
Education	14	31,200	19	77,631		
English—writer's program	1	2,500	9	38,433		
German	1	1,000	2	9,700		
History	2	4,650	3	12,560		
Mathematics			2	5,953		
Music	6	15,400	12	48,050	1	$3,000
Organizational behavior			2	6,500		
Philosophy	1	4,500	10	40,439	1	3,000
Physics	2	6,500	3	15,000		
Political sciences	2	5,000	2	7,000		
Psychology	3	7,500	31	138,098		
Romance languages	1	5,000	1	2,500		
Social work			6	26,000		
Sociology	2	3,600	5	21,784		
Speech and hearing	1	2,500	1	5,000		
Technology and human affairs	2	7,500	4	18,069		
Urban administration			1	3,500		
Total	45	115,750	153	617,913	2	6,000

Mr. COLEMAN. Doctor Olson, would you care to——

Mr. OLSON. Mr. Coleman, thank you very much. I deeply appreciate the opportunity to speak twice before your committee. And again I've summarized my written statement. I do talk a little in my statement about the importance of graduate education and research as national resources and I am pleased to see the committee recognizes that in the approach you're taking. One of the major concerns it seems to me is that we need to provide continuing support in graduate education. And that's one reason why, for example, I share my colleague's concern about the first-year graduate entitlement in the program. It's a good—it's a good idea but what is needed really more would be continuing support for the—for the—for the graduate—graduate student. There's a number of students who do not attend graduate school because of high costs—the number's great and it varies, of course, among departments. For example, the University of Missouri, Columbia, agricultural engineering identified 20 students who did not enter its program in the fall of 1983 because of high costs. The department—the College of Veterinary Medicine identified a loss of graduate applications primarily because of the high level of salary currently paid to veterinarians, so it varies. And it's true of engineering too. It's difficult

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to get baccalaureate engineers into graduate programs because of the high salaries they can—they can get. But in every instance virtually all who attend graduate schools at University of Missouri Columbia have need of some kind or another and about one-quarter of all the graduate or professional students on the Columbia campus of the University of Missouri rely on the GSL Program for support. And reliance on loans to too great an extent can pose a serious financial burden particularly for those people who are—who are interested in and motivated in the direction of teaching for the—for the opportunities that have been suggested for repayment are not great. And because of—of the financial constraints, we are—we are finding that an increasing portion of our graduate student population is made up of non-U.S. citizens. For example, at the University of Missouri doctor's degrees awarded in engineering have declined considerably and the increase in the total number of graduate students who are not U.S. citizens has been substantial. More than half of our engineering graduate students are not American citizens. Well, all of these—all of these problems lead me to look with particular approbation upon your own initiative, Mr. Coleman. I was delighted to learn that you have introduced legislation under title IX that would provide institutional support. As I understand it the legislation would provide $9,000 in financial support each year for I believe it's a period of 3 years as I've understood the legislation to graduate students in certain categories and also provide institutional support for—to the departments or to the universities. This—this kind of support to underwrite the very heavy cost of graduate work reminds me of the very successful NDEA program a number of years ago. One of the problems with NDEA programs was that it encouraged the establishment of new programs there and did—did encourage us to have some programs that perhaps we wish we did not have now. But as I understand your legislation, you are limiting it to established programs. Your—your proposition I can tell you is a very good—a very good idea. I, too, would like to hope that the areas to be covered could be increased somewhat. I understand the—can understand the problem but somehow or other we've got to find the way to encourage young people in the humanities and certain of the social sciences to—to go to graduate school. And I—I—but it—a combination of—of the current merit fellowships and your program might do that. I—I don't know but I would hope that as you—as you work this through that you can find—find a way to add to it. I also would like to urge the continuation and more adequate funding of the G-POP program. It has been a good program. We—we send too few signals to women and to minorities about opportunities for graduate work and this is one way in which we can effectively—effectively do that. We are strongly in favor of increasing the size of the stipend and I'd like to suggest that the areas of eligibility be—be broadened. Finally, I would like to say for the record in this session as well as in the earlier session that some how or other we have got to find a way to enable institutions to improve their libraries, to bring their instrumentation up to date and to improve their graduate and research facilities. It may be beyond the scope of this particular committee, this particular area of concern, but it is a

matter of great concern to all of us in graduate institutions. Thank you very much.

Mr. COLEMAN. Thank you. Well, I appreciate you reemphasizing those comments and I'll let our last witness testify before getting into a discussion of some of the points that you all have raised. Ms. Patricia Boone who is a G-POP fellowship recipient here at Washington University is our next witness and I'm delighted to have her here and hear firsthand from somebody who has gone through this terrible ordeal.

STATEMENT OF PATRICIA BOONE, G-POP FELLOW IN CHEMISTRY, WASHINGTON UNIVERSITY

Ms. BOONE. Well, I want to thank you for the opportunity to address the committee. I'd like to speak briefly on my experiences in graduate school and the need that G-POP fills for me. I must admit I felt odd becoming a G-POP fellow. Educated and capable, I've never been knowingly deprived or subjected to any type of discrimination. I knew there were not many minority chemists but I thought the opportunities were there if you looked for them and grasped them. I soon realized, however, that if I was to mold this opportunity into a career, I'd have to learn more than just science. I would have to magically acquire that what call professional panache; the confidence, independence, creativity, and forcefulness that emanates from successful scientists as well as what seemed to be a hundred ancillary skills. I was drained just with coping. I didn't seem to be heading anywhere. I know you can't make a hard task easy but was it really supposed to be this difficult. Why did it seem harder for me than for the other chemistry students?

Mr. COLEMAN. I asked that same question when I was in law school.

Ms. BOONE. And I really—I wondered if I was supposed to be in graduate school or not. The doubts were destroying my belief in myself and my dreams were dying. But gradually as I listened to G-POP speakers and talked with other G-POP fellows, I realized it was not me. The other chemistry students may not have been experiencing my difficulties but the other G-POP people were. The education and upbringing which had taught us to dream and to strive had not provided the tools we needed to achieve our goals. For myself, I was the first of my family to enter college, much less graduate school. While my friends were normal folks, having friends and family. I had few role models and no one outside of G-POP really understood and could help me understand myself. G-POP supported me as I struggled. G-POP funding lessened my duties in the department giving me more time and energy to devote to my work. I am very proud to say I will graduate this summer. I don't know if I would have graduated without G-POP's support but I do know that G-POP helped me retrieve my dreams and instilled in me a desire to work toward the time when G-POP programs are obsolete. But I'm still amazed when I recall my naivete 5 years ago. I who had felt odd being a G-POP fellow had needed it most of all. How many others don't know they need it? I suspect as G-POP continues it will have to expand if it is to fill the need that is unexpectedly revealed. I hope it does so.

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Mr. COLEMAN. Thank you very much.
[Prepared statement of Patricia Boone follows:]

PREPARED STATEMENT OF PATRICIA BOONE, G-POP FELLOW IN CHEMISTRY, WASHINGTON UNIVERSITY

Mr. Chairman, my name is Patricia Boone. I was one of Washington University's first G-POP fellows. I will speak briefly on my experiences in graduate school and the need that G-POP filled for me:

I must admit I felt odd becoming a G-POP fellow. Educated and capable, I'd never been knowingly deprived or subjected to discrimination. I knew there were not many minority chemists but I felt the opportunities were there for those who wanted them.

I soon realized, however, that if I was to mold this opportunity into a career, I would have to learn more than sicence. I would have to "magically" acquire "professional panache"—the confidence, independence, creativity and forcefulness that emanates from successful scientists, as well as what seemed to be a hundred ancillary skills. My energy was drained just with coping. Progress was invisible to my tired eyes.

You cannot make a hard task easy, but was it really supposed to be this difficult? Why did it seem harder for me than the other chemistry students? Maybe I shouldn't be in graduate school? The doubts were destroying my belief in myself; my dreams were dying.

Gradually, as I listened to G-POP speakers and talked with other G-POP fellows, I realized it was not me; other chemistry students may not have experienced my difficulties but my fellow G-POP students were. The education and upbringing which had taught us to dream and strive had not provided the tools we needed to achieve our goals. For myself, I was the first of my family to enter college much less graduate school. While my friends were "normal" having jobs and families, I had few role models, and no one outside of G-POP who really understood and who could help me understand myself.

G-POP supported me as I struggled. G-POP funding lessoned my duties in the department giving me more time and energy to devote to my work. I am very proud to be able to say I will graduate with my doctorate this summer. I don't know if I would have graduated without G-POP's support, but I do know G-POP helped me retrieve my dreams and instilled in me a desire to work toward a time when the need for G-POP programs will be obsolete.

I am still amazed when I recall my naivete of five years ago. I, who had felt odd being a G-POP fellow, had needed it most of all. How many others don't know they need it? I suspect as G-POP continues it will have to expand if it is to fill the unexpected need that is revealed. I hope it does so.

I have tried to provide some of the information you are seeking; if not I will be pleased to try and answer your questions.

Mr. COLEMAN. Most of you have made laudatory comments regarding our proposal. It has been suggested that we're trying to channel our effort into certain areas of critical need. I wonder, since we do have to establish priorities, if we are just presenting a wish list again and that you really do recognize the limitations placed on us in the funding side. Now, Dr. Wilson, you're a mathematician. Are you suggesting that the dire need is not as great as we perceive it is, or that there is enough money already out there in some of these critical areas, or would you just like to open it up to humanities more in general? Could you give me a little bit more detail on that?

Mr. WILSON. It's hard to talk about numbers. What's especially regrettable now is that we simply have no Federal programs in the humanities. I'd like to see us get started with one. My comments on numbers, drops, and so forth in mathematics suggests that we're not in great shape in mathematics either and—and that can be extended as was noted by my colleague to engineering and to physics. So we certainly need something there. The model can be debated whether it's more fellowships or whether it's more research assist-

antships. And some of the scientific disciplines we certainly could—could do quite well with more NSF research assistantships. A few more fellowships wouldn't hurt. I hate to see us go forward with more money in the sciences and nothing at all in the humanities. That's—my colleagues in the humanities are very, very severely depressed about the State of affairs and I'm afraid that'd be a signal of more bad things to come.

Mr. COLEMAN. So you're being a good soldier today?

Mr. WILSON. Well, in my current position I'm supposed to be responsible for the needs all over.

Ms. HANSEN. He's got witnesses.

Mr. WILSON. I—I'd be quite interested whether my colleagues share what I—my views.

Ms. HANSEN. I think I said so in my comments so certainly.

Mr. COLEMAN. Just—just speak up. Right. And I know Dr. Olson echoed those same thoughts.

Mr. OLSON. I echoed the same thing. I recognize at the same time, Mr. Coleman, the dilemma you face and that you have to get started some—somewhere and I—I don't know where one makes that judgment. I'd hope you would not have to give up too early on—on some of these programs. And perhaps there could be a degree of flexibility built in the legislation so that perhaps the Secretary whom I assume to be administering this program could from time to time identify areas of—of need that would be——

Mr. COLEMAN. Right, it's more discretion.

Mr. OLSON. More discretion and not so much—not so much restrictive—restrictive language in the legislation. That might be helpful. You know, to—to recall in the experience of the NDEA, when the NDEA started out, it was quite restrictive in the legislation. Very few—I'm probably the only person in this room who remembers how they worked from personal experience but gradually they were broadened to include the humanities and the—and the social sciences and therefore they were a stronger program. But they did start out on a fairly limited basis.

Mr. COLEMAN. Yes. I recall going through that process 15 years ago. Can you tell me basically if the problems with attracting the best and the brightest is that we want to attract them to all the fields. Are we getting those people notwithstanding your remarks about salaries some times siphoning off people in some of these areas? Are the best and brightest going to graduate school? If not, could you give me one or two reasons why they're not? Is it the load, is it the cost?

Ms. HANSEN. Well, certainly the best and brightest are doing aggressive things but some of them are going into business, some are going to professional schools. Certainly if you look at application rates, at least in my university application rates are far higher for professional schools than they are for say humanities. So I think you would find that in general though not—no individual cases would pertain, the higher the mentality the more they're going into highly competitive fields as opposed to fields where there's no fellowship support.

Mr. COLEMAN. Yes

Mr. WILSON. The job market is not good and hasn't been good for some years and we don't have clear expectations that it's going to

turn up until—well, some time in the nineties. That's the problem, there's just no getting around that and for that reason what we saw in the sixties when the best and brightest were flocking to graduate students in great numbers, I just don't see that we're going to get back to that. But I think we can get a little bit back part way. We can offer an option. When we—now, as we frequently do, we tell an outstanding student in the social sciences or the humanities that your choices are to go to graduate school, add to your debt, get your degree, satisfy your intellectual interests and then we don't know. That's one option versus go get the MBA or go get the law degree and then have much better chances. It's just not terribly surprising which way they go. All we—all our—all we can hope for and I think what we're suggesting is that with the merit fellowship we at least don't add to that debt and that we at least allow someone who has the interest to come to graduate school for a few years, satisfy the academic interests, write the dissertation and then hope that a job will be available. At least they won't have to start off with a huge debt that we've—we've discussed.

Mr. COLEMAN. Well, what percent of your graduates from graduate school who receive degrees go into teaching in some form? Do you know?

Mr. OLSON. It varies from discipline to discipline. I would say that in many of the humanities and social sciences most of the students want to go into teaching. Their problem—the problem is they're difficult to get through because of lack of financial aid and then the opportunities at the end. It's that combination. And one of the problems they face is that by the middle—college population will probably increase again. And you know for people to be fully prepared and have just a little experience, they have to begin graduate school now. And we may face a—a rather critical problem in—in providing for adequate instructional numbers at that time.

Ms. HANSEN It varies by discipline. In physiology at least 80 percent end up in—in teaching though more and more of our graduates are seeking opportunities in industry and—and that's to be applauded too. Industry is looking more to doctorately prepared people than it ever used to and perhaps that's part of the job market evidenced. But it isn't the poorer students that end up going to industry. It's not the ones that education didn't snap up.

Mr. COLEMAN. Ms. Boone, in your testimony you indicated that G-POP freed you up giving you more time and energy to devote to your studies.

Ms. BOONE. Yes.

Mr. COLEMAN. Were you doing campus and lab work.

Ms. BOONE. In the chemistry department you are required to teach four semesters and I was only required to teach two instead of four.

Mr. COLEMAN. Oh, I see. Well, thank you—thank you all. I promised Jim Olson I'd get him out of here by 3:45 and it's about 5 to spare, so——

Mr. OLSON. Thank you very much.

Mr. COLEMAN. Thank you all very much for being here.

[Recess.]

Mr. COLEMAN. Our first witness is Mr. Richard Sharp, the vice president, consumer loan operation, at Community Federal Savings

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& Loan here in St. Louis County. Welcome and we appreciate your coming over this afternoon.

STATEMENT OF RICHARD SHARP, VICE PRESIDENT, CONSUMER LOAN OPERATION, COMMUNITY FEDERAL SAVINGS AND LOAN

Mr. SHARP. Thank you very much, Mr. Coleman. I'm very pleased to be here and happy to have an opportunity to express our viewpoint. I must apologize for not having a written testimony to present at this time. We received the text of the actual bill this morning and thought it wise to spend some time and analyze it before we shot from the hip. I do not have to take too much time, however, to talk about the special allowance or one other major concern that is having a cumulative effect on lenders I think all over the country which is that the loan product, itself, that we are concerned with here is not a stable product. We go through this reauthorization process continually. Every time we go through it, the last time I can remember scurrying around adding computer fields to our records and changing procedures and trying to figure out how we were going to deal with individual loans made to one borrower which half of his balance was under one special allowance formula, you know, the second half under another special allowance formula and how we handle students when deferment—half of those loan balance was subject to a postdeferment grace period and the other loan balance was not and how we explain to these individuals as we go along why we're doing what we're doing and why we're requiring what we're requiring of them. This effect on the lender is that every time we go through this process there's this outright fear that something is going to happen that will affect what we've done in the past in terms of the loans we've made and how they're going to be processed and our ability to generate more loans for the same borrowers. So I'd just like to stress that all consideration that can possibly be given be given to the fact that whatever is done does not affect in any way loans that are already on the books and borrowers that are already on the books. It's of utmost concern and I think maybe it might be appropriate to explain a little bit about some of the lender's philosophy in student lending anyway. There is right now a terrific push for lenders to get into student lending as you may know. When we first entered the market, we were alone in this area. Now we're fighting for loans. The competitors are out there, they're soliciting if that's the right term high school seniors, those kinds of things. You know, give us your loan, give us your business. And the reason for this is that these rates—these loans are interest rate sensitive. As interest rates go up in general, the yield on student loans go up as the T-bill goes up as we all know. The availability to lenders of other products that do that to this point has been very slow. Usury rates in most States have—have wiped out variable rate loans in the consumer lending side and Federal regulations until the last few years have even—for example, the typical 30-year mortgage loan with fixed payment, fixed rates. The rates were locked in and as the rates we pay for money to savers fluctuates, many lenders in the entire savings and loan industry found themselves with—paying rates higher to savers—more to savers than they could get back

from loans. So therefore the student loan is an extremely attractive alternative to the fixed rate loans that we've had in the past. And lenders, even though we grumble among ourselves about the increasing complexity of the Student Loan Program and continuing every time we reauthorized to have to process the old loans and new loans and—and are beset with fear of what may be coming next, the alternatives haven't been good. However, this situation is changing. We now have federally authorized loans through savings and loan associations and banks that allow variable rates on mortgages. In fact, the adjustable rate mortgage loan has become very—very, very prominent in the marketplace. There is legislation pending now in the Missouri House—in fact, I believe it's passed the Missouri House allowing variable rate consumer loans in many respects.

These loans as they come to market will compete head on with student loans for dollars, OK. The yields from these loans are very competitive and they're very attractive. For example, our association right now can eliminate and adjust—or eliminate—essentially originate an adjustable rate mortgage loan at 12 percent, OK, say a $50,000 loan. The borrower will pay up front all the origination costs in terms of points or origination fees or whatever it costs us to put that loan on the books. In order to get that much money out in the student lending side I have to make 20 $2,500 student loans. The yield right now would be about 13 percent. The Simon proposal says essentially while those loans are in school I would—yield the same 12 percent I would get on my one $50,000 mortgage. The risk to me in that one $50,000 mortgage is less than the known expense of servicing those 20 student loans No. 1. No. 2, I'm used to dealing as a lender with interest rate risks and with the possibility of loss. I'm used to judging loss. I'm used to dealing with that. I'm not used to dealing with the uncertainty and to how the program and the operational procedures and those things are going to be changed in 2, 3, or 4 years with this other thing. I don't know how to judge that and how to rate for that so I would—I would almost rather take on the possibility of loss on a mortgage loan than deal with the uncertainty that's inherent in the student loan process. So I think the main point I'm trying to make here is the way I see it I really, sincerely believe that maybe 3 years, maybe sooner, you'll see lenders start pulling out of the Student Loan Private Program as it is set up now. Not entirely, they're still going to service their customers. They're still going to need that. But a significant portion of the dollars will begin to start being diverted into other kinds of interest-rate-sensitive loans that are better alternatives to the lender because those alternatives are coming to the forefront. Therefore I think the real issue here is to start thinking about the total revamping of the program with an eye to simplicity in the loan mechanism itself, to simplicity No. 1, stability No 2. Certainly we're going to have different budgetary problems from year to year, there's no question about that. But those things need to be dealt with in terms of rates and built-in adjustable features of the program. We can't run around changing mechanisms every 4 years and saying OK, this one's in place for these guys. Now we're going to add a new mechanism this time and cumulatively over—over the years that just weighs down the lender and makes it less—less

attractive for him to stay in the program. What you want to do is just sell everything, get out of it and go put your money someplace else because you get to the point where you've got so many people and so many mechanisms and so many old rules that apply to so many different parts of the portfolio that it's very difficult to keep up with it. Suggestions, like I said I haven't had a lot of time to think about this, but one attractive suggestion I've heard would be to head more toward a line of credit concept. Perhaps when a student goes to an institution the first loan is processed similar to the way it is now, we establish a line of credit for the time between now and when that student becomes a senior. Each additional advances—each additional advance would then perhaps have a streamlined procedure. Maybe I don't need to go through the guarantee agent for each advance. I merely go to the school and verify that academic progress has been made, those kind of things, and then I advance the check directly to the school and don't have all this rigamarole every time I make an advance. One more thing is we think that there are a fair number of loopholes that cost the Federal Government a significant amount of money that need to be addressed. An example of one of those, for example, we have what almost happens to us a fair—a fairly large percentage of the time I'd say, we have a freshman who gets a $2,500 loan. He goes to school. The administrative office there hands him the $2,500 check. The school takes only the fees that are due right now. The loan period is for the full year, two semesters, but we take only the tuition or whatever is due at this present time, usually that's $500 or less at a public institution. The student is given back $2,000. We go 3 months and the student drops out, OK. $2,000 dollars is gone, the student doesn't have to make his first payment until the grace period expires 6 months later and at that time if he defaults we have $2,500 to recover. If the school had maintained all of the funds that were expected to be due to them during the course of the school year and only disbursed the amount that is necessary for living expenses and those other things that the student deals with, we would have less to recover, less to charge off, less for the Government to have to try to recover and pay interest on during that period. That seems to us to happen a lot. We, in fact, see abuses that we know for sure afterwards that is simply a student has discovered this process, goes through the student loan process, enrolls, gets his money, selects the school that will select, take the rest—the least amount from him, drops out and keeps the money. We see this all the time. I thank you for the opportunity——

Mr. COLEMAN. Do you report those?

Mr. SHARP. Do we report those?

Mr. COLEMAN. Those people?

Mr. SHARP. Those obvious things like that we pass to the guarantor, yes.

Mr. COLEMAN. Yes. Thank you very much.

Mr. SHARP. Certainly. Thank you.

Mr. COLEMAN. Rosemary Woolley, who's the dean of services, St. Louis Community College here.

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STATEMENT OF ROSEMARY WOOLLEY, PH.D., ST. LOUIS COMMUNITY COLLEGE, DEAN OF SERVICES

Mr. WOOLLEY. Thank you very much. As you know, my name is Rosemary Woolley and I am Dean of Student Services at St. Louis Community College at Florissant Valley. And I also am chairperson ofour district financial aid committee that recommends policies and interpretation on Department of Education and has interpreted your legislation to our chancellor. We appreciate the opportunity to testify before you today and I would like to tell you a little bit about St. Louis Community College. We're a multicampus college serving approximately 35,000 students training for careers, beginning work for advanced degrees, sharpening academic skills and discovering directions for their careers. Our student population is as diverse as the St. Louis community itself and ranges from the 18-year-old freshman to the mature retired adult. Their average age is 26 and nearly three-quarters are part-time students with career and/or family responsibilities. To serve the students' diverse needs, the college offers courses during the day and evening on campus and at other convenient locations in the community. Our academic programs are both as contemporary as high tech and as traditionally collegiate as the classics. Based upon some of the comments I have already heard this afternoon, I would like to diverge a little bit from my prepared text and simply make the comment that I am a realist and I understand that in talking about title IV we, of course, must represent our institutions, defend our institutions if you will, whether they be 2-year, 4-year public independent. However, as Chairman Simon remarked, I like to dream dreams also. And in those dreams I would hope that we could keep uppermost in our minds the students that we need to assist rather than the institutions that we need to assist when we talk about title IV. St. Louis Community College needs and welcomes the partnership of the Federal Government as it serves the diverse student population that I have mentioned that is engaged in pursuing the American dream. For many of these students it is truly the American dream because they come from families that have never entered a college, from families in some cases that are truly illiterate. During the 1983–84 academic year, over 6,000 of our students received over 4 million in Pell Grants. As you know that year is not yet complete. We recognize the difficulty in writing legislation that meets the diverse needs of our constituency. For this reason I do urge you to provide some authority and flexibility to institutions in the delivery system of financial aid. Let me speak now to some of these proposed modifications. Pell Grant Programs. We applaud the lifting of the half cost provision to 75 percent with an allowance for nontuition expenses. As I know now there is currently an allowance for nontuition expenses that has remained the same, I believe, since the inception of the Pell Grant Program. And costs have gone up considerably since then. While I recognize there is the difficult balance again between the public independent 2-year, 4-year sectors that we offer, again let us keep in mind the students that we serve when we talk about this provision. We do not concur with the inclusion of graduate students in the Pell Grant Program unless again the undergraduate students are fully funded with all the en-

titlements under the proposed legislation and I, too, find this might be very difficult given the deficits that Congress needs to address. We do not concur with the administration's proposal of a self-help concept.

To require our students, many of whom are academically as well as financially disadvantaged, to provide even $500 or 40 percent of expenses is not feasible even with work study or loans. Such students should not have a loan burden initially and St. Louis Community College does not receive a college work study allocation to meet such a requirement. I will speak to this a little bit later and I'm sure that St. Louis Community College is not alone, especially among similar type institutions throughout the country. We do not concur with section 404—the limitation of 5 academic years of eligibility. With academic standards now required at our colleges, this provision is unnecessary. Moreover, a student at St. Louis Community College pursuing an engineering science associate degree on a full time—12 credit hour—basis as defined by the Federal Government will need 6.08 semesters or more than 3 years to earn the associate degree. This only leaves him or her less than 2 years to achieve his B.S. degree in this building at Washington University I might add. This is highly unrealistic. At this point let me digress slightly to point out the average completion of a bachelor's degree, even at a 4 year college, is usually more than 4 years. You should remember that the traditional pool of college aged students, 18 to 22 years old, is declining and aid directed only to that group falls short of the need by nontraditional groups. Let me point out that Community Colleges across the country served over 36 percent, this was in 1980, of all students in this country. And all students includes graduate and professional as well. When considering only undergraduate populations, it could be that well over one-half are enrolled at 2-year institutions. A great proportion of those students in community colleges are not the traditional pool. We plead with you to keep uppermost in your mind that for many of us traditional college is no longer the norm as when most of us went to college in 4 years or 3 years or 5 years. The college work study program. We are very pleased with the college work study program and despite what the Chancellor from Washington University stated in denoting that the college work study program is a program of choice, we believe it is a program of access as well because without the work study program at our—at our institution the student has access through the Pell Grant Program and is able to live because of the work study program. So because of the work study program they might they might not very well be able to attend even with a full Pell Grant in order to eat and provide shelter for themselves. And this is where our comments speaking to the adequacy of the funds we receive. We currently receive $876,000 some odd in Federal contributions for college work study. As you can glean from the fact that we disburse over $4 million in Pell Grants, a payroll slightly in excess of $1 million clearly can not meet the needs of our students. We applaud the simplicity of allotments to institutions in the committee print and believe it will provide a more equitable allotment than our current State formulas. I must admit that I congratulate Chairman Simon on even putting this in the draft legislation since, as I mentioned earlier, I am a realist and

recognize that within Congress both the House and the Senate there are many parochial interests and the State formulas address this interest very definitely. Block grants. We concur with the provision of institutional flexibility accompanied by reduction of regulatory burden and complex distribution formulas. However, we do need to caution you that the 15-percent requirement from non-Federal sources could very well be a burden that many institutions are not able to bear. This requirement may eliminate institutions with the most needy students from participation. Fortunately I do not believe St. Louis Community College would be among one of those institutions.

If, in fact, we were to currently receive the very same amounts that we receive now in the SCOG program which, for us, is the only program we could really talk about as far as the programs identified for the block grant program, since the SSIG funds we receive are not enough to fill your petty cash drawer based upon the current program in Missouri. However, based upon the funds that we currently received in SCOG, which is close to $300,000, I'm sure that a roughly $50,000 amount that—that St. Louis Community College would need to come up with could possibly be available but this might not be true to other institutions. Guaranteed student loans: At this point it is necessary to emphasize what I believe to be the appropriate balance between loans and grants. Philosophically, we believe the loan portion of a student's financial aid award should increase as he or she progresses toward meeting an educational objective. It is important to develop less reliance on loans and greater emphasis on grants and work programs. These programs serve lower income students best by assuring access in the short run and by reducing defaults over the long term. It is no secret that many major metropolitan community colleges no longer participate in the NDSL program due to high default rates. Hindsight tells us we contributed in part by setting unrealistic criteria for high need, high credit risk participants. We have a potential for developing the same problem with the Guaranteed Student Loan Program. And, at this point I would like to address what Mr. Sharp stated. I think the—in the sense that current regulations allow for the occurrence of what Mr. Sharp was talking about. Students, in fact, and very few I must admit, but it is a major problem I think, do take advantage of that and do borrow the full $2,500. And for our institution they pay their tuition of $255 and then take off. It's easy money. But regrettably for a very small apple, a rotten apple in a barrel of a thousand, let's don't destroy the program because of that. Let's tighten up the loopholes instead. At this point I will turn my attention to specific improvements for delivery of student financial aid programs. According to the 1984–85 payment process developed by the Department of Education, institutions such as St. Louis Community College will see students in its registration arena trying to pay for classes before we have received funds from the Federal Government. Because of the checking account payment procedures, some students with eligible student aid reports may not be able to register. St. Louis Community College does not nor should it have a $1 million cash flow to disperse Pell Grants to students in anticipation of receipt of Federal dollars some 4 to 6 to 8 weeks in the future. The Secretary, that is the Secretary of Educa-

tion, is telling us that significant management improvements have been realized with the institution of a new processing system for the 1984-85 application cycle. I quote, "In this instance, however, students and institutions are receiving better quality services at between $9 and $12 million less than under the previous contract." This is a quote from the Dear Colleagues letter we received in March of 1984. What is not noted is the greater administrative burden in costs on institutions created by those significant improvements. Much of this might be alleviated by sending the Pell Grant authorizing eligibility information directly to the institution rather than just to the student.

In closing, we again appreciate your invitation to participate and urge you to keep uppermost in your thoughts that the traditional college progression is no longer the norm. Remember our more typical student is aged 26, employed with family responsibilities and taking an average of 7.4 credit hours per semester. Aid is critical to these students and we hope procedures are developed that can benefit all our constituency. Thank you.

[Prepared statement of Rosemary Woolley follows:]

PREPARED STATEMENT OF ROSEMARY WOOLLEY, PH.D., ST. LOUIS COMMUNITY COLLEGE

My name is Rosemary Woolley, Dean of Student Services at St. Louis Community College at Florissant Valley and chairperson of our District Financial Aid Committee. St. Louis Community College appreciates the opportunity to testify before you today. St. Louis Community College is a multi-campus college serving approximately 35,000 students training for careers, beginning work for advanced degrees, sharpening academic skills, and discovering directions for their careers. They are as diverse as the St. Louis community itself and range from the 18-year-old freshman just out of high school to the mature, retired adult. Their average age is 26, and nearly three-quarters are part-time students with career and/or family responsibilities.

To serve the students' diverse needs, the College offers courses during the day and evening on campus and at other convenient locations in the community. The academic programs are both as contemporary as high tech and as traditionally collegiate as the classics.

St. Louis Community College needs and welcomes the partnership of the Federal Government as it serves this diverse student population engaged in pursuing the American dream. During the 83-84 academic year, 6,113 students have received over $4 million in Pell Grants. We recognize the difficulty in writing legislation that meets the diverse needs of our constituency. For this reason I urge you to provide some authority and flexibility to institutions in the delivery system of financial aid.

Let me speak now to proposed modifications.

1. Pell Grant Programs

A. We applaud lifting of the "half cost" provision to 75 percent with an allowance for non-tuition expenses.

B. We do not concur with the inclusion of graduate students in the Pell Grant program unless undergraduate students are fully funded with all entitlements under proposed legislation.

C. We do not concur with the Administration's proposal of a self-help concept. To require our students, many of whom are academically as well as financially disadvantaged, to provide $500 or 40 percent of expenses is not feasible even with work study or loans. Such students should not have a loan burden initially and St. Louis Community College does not receive a College Work Study allocation to meet such a requirement.

D. We do not concur with Section 404—the limitation of 5 academic years of eligibility. With academic standards required at our colleges this provision is unnecessary. Moreover a student at St. Louis Community College pursuing an Engineering Science Associate Degree on a full time (12 credit hour) basis will need 6.08 semesters or more than 3 years to earn an Associate Degree. This only leaves him or her less than 2 years to achieve his B.S. degree. This is highly unrealistic. At this point, let me digress slightly to point out that average completion of a bachelor degree—

even at a 4-year college—is more than four years. You should remember that the traditional pool of college aged students (18 to 22 years old) is declining and aid directed only to that group falls short of the need by non-traditional groups. Let me point out that Community Colleges served over 36 percent (1980 statistical abstracts) of all students in this country. When considering only undergraduate populations, it could be that well over one half are enrolled at two-year institutions. A great proportion of those students in community colleges are not the traditional pool. We plead with you to keep upmost in your mind that for many of us traditional college is no longer the norm.

2. College work study

We are pleased with the college work-study program and applaud recommended increases to the program. However, the adequacy of the funds we receive is very questionable. We currently receive $876,876 in federal contributions for college work study. As you can glean from the fact that we disburse over $4 million in Pell Grants, a payroll slightly in excess of $1 million clearly can not meet the needs of our students. We applaud the simplicity of allotments to institutions in the Committee Print (showing draft language for a Higher Education Act) and believe it will provide a more equitable allotment than our current state formulas.

3. Block grants

We concur with the provision of institutional flexibility accompanied by reduction or regulatory burden and complex distribution formulas. However, we need caution you that the 15 percent requirement from non-federal sources could very well be a burden that many institutions are not able to bear. This requirement may eliminate institutions with the most needy students from participation.

4. Guaranteed student loans

At this point, it is necessary to emphasize what I believe to be the appropriate balance between loans and grants. Philosophically, we believe the loan portion of a student's finaicial aid award should increase as he or she progresses toward meeting an educational objective. It is important to develop less reliance on loans and greater emphasis on grants and work programs. These programs serve lower income students best by assuring access, in the short run, and by reducing defaults over the long term. It is no secret that many major metropolitan community colleges no longer participate in the NDSL program due to high default rates. Hindsight tells us we contributed in part by setting unrealistic criteria for high need, high credit risk participants. We have a potential for developing the same problem with the Guaranteed Student Loan program.

At this point, I will turn my attention to specific improvements for delivery of student financial aid programs.

1. According to 1984-85 payment process developed by the Department of Education institutions such as St. Louis Community College will see students in its registration arena trying to pay for classes before we have received funds from the federal government. Because of the checking account payment procedure system students with eligible Student Aid Report may not be able to register. St. Louis Community College does not\nor should it have a million dollar cash flow to disperse Pell Grants to students in anticipation of receipt of federal dollars some 4 to 6 to 8 weeks in the future.

2. The Secretary is telling us that significant management improvements have been realized with the institution of a new processing system for the 84-85 application cycle. "In this instance, however, students and institutions are receiving better quality services at between $9 and $12 million less than under the previous contract." In the Dear Colleague letter of March 1984, quoted above, what is not noted is the greater administrative burden and costs on institutions created by those significant improvements. Much of this might be alleviated by sending the Pell Grant authorizing eligibility information directly to the institution.

In closing, we again appreciate your invitation to participate and urge you to keep uppermost in your thoughts that the traditional college progression is no longer the norm. Remember our more typical student is aged 26, employed with family responsibilities and taking an average 7.4 credit hours per semester. Aid is critical to these students, and we hope procedures are developed that can benefit all our constituency.

STATEMENT OF BENJAMIN S. SANDLER, DIRECTOR OF FINANCIAL AID, WASHINGTON UNIVERSITY

Mr. SANDLER. Financial aid officers, Representative Coleman, are a contentious lot and it's tempting, I'm sure. And so it's tempting for me having the luxury of speaking third on I guess it's going to be a four-person panel to comment on Dr. Woolley's testimony. I'm going to be ethical about it though and comment only on a couple of points she mentioned with which I agree and that I want to reinforce. The way Pell Grants are administered is a joke. It's a joke because the Department of Education persists, for reasons that are not in the legislation, in getting Pell Grant eligibility to the—information to the college through the student. They persist in producing student eligibility reports that are mailed to the student, the student brings them to the college, sometimes after a considerable delay. Sometimes they're lost. Sometimes they are dropped on the sidewalk. And then a whole cycle of returns to the Pell Grant central processor has to begin. If the document is erroneous in any one of a number of respects, the college can't communicate directly with the Pell Grant processor. The college has to send the document back to the student and the student has to communicate with the Pell Grant processor. There is nothing legislatively to prevent the Department of Education from behaving more rationally which would mean sending from approved Federal processors, like the American College Testing Program, College Scholarship Service, under rigidly prescribed Federal guidelines, Pell Grant information directly to the colleges and universities that the students indicate they want the information sent to. Second point, comment on work study. Very little has been said about the work study program today. Yet everybody has nothing but good to say about it and I am beginning to fear that it's getting taken for granted, a little like Cordelia in King Lear, you know, the good sister. The sister that everybody assumes is going to be around and is going to be reliable and who gets short shrift as a result. Even the authorized—even the authorization numbers in Congressman Simon's proposed legislation, the number for 1987 is only $600 million, only $5—only $50 million more than what we have now. No program that we've got works as well as that program does, administratively and in a way that's consistent with what most of us agree is the American ethic. All of us could use more money and use it very well and I hope very much that as the deliberations continue whether it's in a reauthorization context or in a less formal reauthorization context, simply changing the law and fighting for additional funding, I hope that you will consider, as we're going to have to ask our own lobbyists in Washington, to pay more attention to this too, that the work study program works, that we could use more money in that program and that lack of comment on it is no indication that we—we don't care about it.

Mr. COLEMAN. Thank you for that lack of comment.

Mr. SANDLER. I'm not finished with my lack of comments because I—I want to say something about the—the—some of the issues that were mentioned in the President's panel earlier. There is a misunderstanding—there is a $65,000 misunderstanding afoot and it needs to be corrected and I think it can be corrected easily. Con-

gressman Simon apparently believes that the $65,000 limitation in his draft legislation on GSL eligibility is an innocuous suggestion because it simply repeats what's in the law now. What's in the law now is a $65,000 income cap on students who can qualify for guaranteed student loans through the look up tables through the congressionally mandated look up tables. Students with incomes—with family incomes above $65,000 can and do qualify in large numbers at a school like ours I can guarantee you, qualify for guaranteed student loans utilizing the uniform methodology, the alternate need analysis system that the—that the current law provides for. And so I—I hope that misunderstanding is corrected. If the $65,000 cap that's in Congressman Simon's legislation were to find its way into final law, the effect for institutions like Washington University would be devastating. You—you asked, Congressman Coleman, earlier this afternoon about a—a response to the administration's proposal for a—a self-help requirement of some kind in the Pell Grant Program and—and observed that any loss of Pell Grant funding in that area could be compensated for by the administration's admirable proposed increase in the work study appropriation.

Mr. COLEMAN. Before you attribute some of that to me, I was simply trying to present the administration's proposal.

Mr. SANDLER. I know.

Mr. COLEMAN. In as objective terms as I could so——

Mr. SANDLER. Certainly.

Mr. COLEMAN. I have a disagreement some times with the administration.

Mr. SANDLER. Fair enough. Fair enough. The—the notion of turning the Pell Grant Program into an entity that requires self-help from the poorest students who want to attend the least expensive school—school makes a sham of the Pell Grant Program and what it means and what it ought to mean. Washington University has no vested interest in making this point, but as private citizen and as an educator I do. The Pell Grant Program ought to be an avenue for access for the poorest kids who want some kind of education. There ought not to be any self-help strings attached. And I—I think it's wrong for the—the administration to try to legitimize that point of view by instituting a self-help Pell requirement.

The notion that losses in—in the Pell Grant area for individual students can be compensated for by the increase in the work study appropriation is—is a Trojan horse. The administration advocates an appropriation of $851 million I believe for the work study program. It also advocates the elimination of the—I hope I'm right here, the existing work study program, the SEOG Program and the SSIG Program. So we take the three campus-based—those three programs as they exist now, work study, SEOG and SSIG and collapse them in effect into one super work study program. The reason I want to call it a different work study program or super work study program is because there's lots of flexibility that the administration wants to extend to us in the use of that money. We could, for example, take 50 percent of the institutional allocation and use if for SEOG's. The hard reality though is that this year in 1984-85 from fiscal year 1984 appropriations—I beg your pardon, in 1983-84 from fiscal year 1983 appropriations, we have nationally

about $990 million appropriated and being used in the work study program, and in the SEQG Program and in the SSIG Program. The numbers I've got here aren't exact. They're $550 million work study, $370 million SEOG, $70 million SSIG. I may be off a little bit, but I'm not off by much. The bottom line is that the administration is asking us to trade $990 million for $851 million. That is a 15-percent drop and no matter how you slice it kids are going to get hurt, institutions will get hurt and students will get hurt. So unless the administration is willing to match its honeyed promises of greater flexibility and simplification with cash on the barrelhead, I don't think it makes any sense for us to provide an ounce of support for that proposal. I may have taken my 10 minutes, Mr. Chairman, commenting on——

Mr. COLEMAN. No, go ahead. We do have lots of time but go ahead and make the high points of everything you want.

Mr. SANDLER. There—as the only financial aid officer on the panel, my—my vision originally had been to not talk about partisan issues or issues that—that I knew other people would touch on, but to talk instead about a couple of very important, relatively technical matters—delivery system issues that too often get too little attention i[illegible]ussions like these. They are outlined in my testimony and [illegible]—if you'll allow it I'd like to talk only about the last of thes[illegible]fficulty that exists in the current Federal application proce[illegible]use of the conflict that's created between the desirability for getting accurate information from the student and the desirability of providing financial aid information to the student in a timely manner. This tension is especially painful in the high school senior year. As you know this is one of those crucial points at which financial aid has what it is designed to have, a major impact on college and career choice if the aid is announced to the student in a timely way. For example, consider the high school senior next year who plans to enter college in the fall of 1985. She believes that a private college can best serve her academic and personal needs but she and her family cannot possibly afford the costs. They have been led to believe in the promise of financial aid but aid is so critical a part of their decision that they want to know what's available as early as November or December 1984 so they can begin planning. If they can't know until March or April 1985, the possibility of attendance at a private college grows fainter—I'm on page 6 of my testimony—and her attention begins to turn, understandably, to the lower cost college that she and her family can more easily afford. Sadly the current application process is designed to produce exactly this unfortunate outcome. The Federal application form repeatedly raises dire warnings about the risks of completing the application before the family's IRS return is completed. Thus, even if the college encourages an earlier application, there's a powerful pressure on the student to postpone applying for financial aid until after her family's 1984 IRS return has been filed. This won't be sooner than February 1985 and it may not be until April 15. At least one more month will pass before the college even knows her need, let alone makes an award. She and her family, meanwhile, find it increasingly difficult to sustain realistic interest in a college they know they can't afford without a financial aid commitment that consists of money in hand, not a bro-

chure's vague rhetorical promises. There is a reasonable solution to this dilemma. It would allow a student to apply for Federal student aid as early as the fall of her senior year. The key understanding would be that no Federal student aid award could be considered final and binding until the information on which it is based has been verified through reference to the schedule 1040. Although this means that the application process could not end until late spring or early summer preceding the start of the next school year, nothing would prevent the process from beginning much earlier. Colleges could have students file tentative applications at any time during the high school senior year, issue tentative awards, and confirm them later, after the schedule 1040 is available. In one sense this arrangement complicates the process because it means that every student would have to apply twice for financial aid. In reality, though, the second application would be only a schedule 1040, nothing else, and the need for a timely initial announcement would have been served. I want Mr. Simon to know that I am grateful for the—and Representative Coleman, for the ongoing congressional concern of getting financial aid information into the hands of high school students and their families as early as possible. In Mr. Simon's draft legislation, I note not only the continued support for preliminary financial aid estimates in section 483(c), but the establishment in section 491 of a National Center for Postsecondary Educational Opportunity whose sole purpose is the development of better financial aid awareness among younger students and their parents. If this Center is founded and made a productive reality, what it produces could have as great a long-range impact on college attendance as the programs and dollars in current legislation. My message today, however, is that all the early estimates in the world won't help unless they are supported by a Federal application procedure that delivers timely information in the senior year. Thank you very much for the opportunity to testify and for your attention.

Mr. COLEMAN. Thank you very much. And your other suggestions are equally as interesting. I'm going to take this and read it. Hopefully we can translate your frustrations into some changes or a reappraisal of some of these, as you say, more mundane aspects of this that we don't see that much of and you see plenty of. Thank you very much.

Mr. SANDLER. I know. Thank you.

[Prepared statement of Benjamin Sandler follows:]

PREPARED STATEMENT OF BENJAMIN S. SANDLER, DIRECTOR OF FINANCIAL AIDS, WASHINGTON UNIVERSITY

SUMMARY: SOME ASPECTS OF THE FEDERAL STUDENT AID DELIVERY SYSTEM

1. The family contribution formula for Pell Grants, and the corresponding formula for all other need-based federal funds, should remain legislatively separate and distinct from one another.

2. The non-Pell Grant family contribution formula should be prescribed in Title IV legislation only in general outline, not in specific detail.

3. Pell Grant eligibility information should be delivered to students and institutions directly by federally-approved application processors.

4. The student application process should be redesigned to eliminate the present conflict between a timely application and an application with accurate family information.

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Good afternoon. My name is Benjamin Sandler. I have been Director of Financial Aids at Washington University for eleven years. My perspective on the issues we're discussing today is that of a line manager of the financial aid process at the institutional level. Line managers can certainly become narrowly myopic in their views, preoccupied with bureaucratic detail at the expense of a broader policy perspective. Yet bureaucrats often are the best eye-witnesses when well-intentioned and elegantly-designed policy founders on the shoals of inadequate implementation mechanisms. In the current financial aid idiom, many of these mechanisms are loosely gathered under something called the "delivery system."

Today I would like to discuss three of these mechanisms. They are:

(1) The federal need analysis system that determines how much financial aid a student can receive; (2) the way in which Pell Grants are delivered to students; and (3) the application process for students.

1. We take it for granted that the major federal student aid programs should be need-based, but these programs can be strengthened or sabotaged by the way in which need is determined, because it's the need calculation, more than anything else, that determines whether students and families feel the impact of federal aid programs as the Congress intends.

The most critical and hotly debatable part of any need analysis formula is the element that determines the family contribution. Today I want to argue two points about family contributions. The first is the fundamental necessity for two formulas: one for Pell Grants, and the other for other need-based programs. This separation is supported by Representative Simon's draft legislation, but I still want to discuss it here because there are many in the financial aid community who continue to be seduced by the specious simplicity of a single formula for all federal programs. The second point is the importance of prescribing the non-Pell formula in the statute in general terms only, without the imposition of constraining detail. This quality is present to some extent in Representative Simon's draft legislation, but not as much as I believe it should be.

The reason for creating separate Pell and non-Pell formulas is that the two formulas are asked to perform very different tasks. The Pell Grant formula establishes eligibility for Pell Grants only. Its results may raise or lower the Pell Grant amount, but the totality of a student's aid won't be affected. The formula for the other federal programs, however, has a much more daunting challenge, for it must try to measure what families actually are able to pay toward their children's education. The non-Pell formula finds itself in this unenviable position because, if a student's award contains even a single dime of need-based federal student aid, the entire award, no matter how non-federal its other components may be, must not exceed the ceiling of financial need that the family contribution determines. If contributions rise too much, the need and total award ceilings will drop—perhaps to the point of making college attendance impossible for too many students at too many colleges. If contributions fall, federal funds are spent inefficiently and the formula's credibility could suffer irreversible damage.

For example, a high school senior may hope to attend a college whose cost of attendance is $10,000. Her parents, whose income is around $30,000 and whose assets are modest, are willing to contibute something toward these costs, but they can't afford to pay the whole bill. If her non-Pell family contribution is calculated at $3,000, her need is $7,000. $7,000 becomes the ceiling of aid she can receive, from all sources. If she gets $7,000, she and her parents must then ask themselves the last, crucial question: can they come up with the remaining $3,000? If the formula were harsher and produced a higher contribution, she might be unable to attend her college choice because her family couldn't come up with the additional money. If her contribution calculation were lower, the resulting higher need might produce an attractive award for her, but would represent a wasteful use of federal student aid and perhaps raise public questions about the formula's credibility.

Ideally, then, the non-Pell family contribution formula should strike a balance between expecting reasonable sacrifice from the parent and student, without expecting sacrifice that will make college attendance a financial impossibility. It cannot be made vulnerable to short-term political pressures or ideological passions that want to make a particular kind of federal aid more available or less available to certain economic classes of families. It must always have its eye fixed firmly on its central mission: to measure, with as much justice, fairness and impartiality as it can muster, what families can truly contribute.

This goal is best achieved and maintained by prescribing the non-Pell formula only in general outline in Title IV legislation. It's correct to enumerate the broad categories of a family's economic situation to which the formula should attend. It's unwise, though, in my opinion, to stipulate that equity in a home should be omitted

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entirely from the formula, or that business assets should be handled in a certain way, not because these judgements are wrong but because they're judgements, values with no immutable claim to rightness. When they are written into the law, they erode the flexibility that allows the formula to adjust to year-to-year changes in family circumstances and the discoveries of ongoing economic and financial aid research. The Congress can fully meet its responsibility by a close and systematic monitoring of the Department of Education's annual benchmarks. Within these benchmarks, the non-Pell formula needs all the flexibility it can get in order to perform its responsibility—the calculation of what families can truly afford to pay toward college costs.

2. A second delivery system issue that warrants discussion is the means by which Pell Grant eligibility, once calculated, is delivered to students. The current delivery mechanism has a single glaring and crippling deficiency. The Department of Education insists upon producing Pell Grant eligibility notices itself, sending these notices to the student (not the college), and relying on the student to bring the eligibility notice to the college financial aid office.

This procedure is an enormous waste of time and energy, and a major source of the delay experienced by many students in obtaining their Pell Grants. The Department of Education can maintain all the control it legitimately seeks by relying on approved student aid processors like the American College Testing program and the College Scholarship Service to produce Pell Grant eligibility calculations and forward this information directly to participating colleges. Then, a student could apply for all types of financial aid, not only through a single form, but through a single process.

3. The final delivery system issue I would like to discuss concerns the tension in the student application process between accuracy and timeliness—between the necessity for verifying the accuracy of family information that is provided on a student's application, yet still allowing the student and his family to complete the application early enough to receive a timely award. This tension is especially painful in the high school senior year.

As you know, this is one of those crucial points at which financial aid has what it is designed to have: a major impact on college and career choice—if the aid is announced to the student in a timely way.

For example, consider a high school senior next year who plans to enter college in the fall of 1985. She believes that a private college can best serve her academic and personal needs, but she and her family cannot possibly afford the cost. They have been led to believe in the promise of financial aid, but aid is so critical a part of their decision that they want to know what's available as early as November or December of 1984. If they can't know until March or April of 1985, the possibility of attendance at a private college grows fainter, and her attention begins to turn, understandably, to the lower-cost college that she and her family can more easily afford.

The current application process is designed to produce exactly this unfortunate outcome. The federal application form raises dire warnings about the risks of completing the application before the family's IRS return is completed. Thus, even if the college encourages an earlier application, there is a powerful pressure on the student to postpone applying for financial aid until after her family's 1984 IRS return has been filed. This won't be sooner than February of 1985, and it may not be until April 15. At least one more month will pass before the college even knows her need, let alone makes an award. She and her family, meanwhile, find it increasingly difficult to sustain realistic interest in a college they know they can't afford without a financial aid commitment that consists of money in hand, not a brochure's vague rhetorical promises.

There is a reasonable solution to this dilemma. It would allow a student to apply for federal student aid as early as the fall of her senior year. The key understanding would be that no federal student aid award could be considered final and binding until the information on which it is based has been verified through reference to the 1040.

Although this means that the application process could not end until late spring or early summer preceding the start of the next school year, nothing would prevent the process from beginning much earlier. Schools could have students file tentative applications at any time during the high school senior year, issue tentative awards, and confirm them later, after the 1040 is available. In one sense this arrangement complicates the process, because it means that every student would have to apply twice for financial aid. In reality, though, the second application would be only a 1040, nothing else, and the need for a timely initial announcement would have been served.

Mr. Chairman, I know of, and I am grateful for, the ongoing Congressional concern for getting financial aid information into the hands of high school students and their families as early as possible. In your draft legislation, I note not only the continued support for preliminary financial aid estimates in Section 483(c), but the establishment in Section 491 of a National Center for Postsecondary Educational Opportunity whose sole purpose is the development of better financial aid awareness among younger students and their parents. My message today is that all the early estimates in the world won't help unless they are supported by an application procedure that delivers timely information the senior year.

Mr. Chairman, I hope these comments are helpful to you and your colleagues. I realize I have not responded to several of the important questions with which your staff has challenged this panel. I realize, too, that issues like those I have discussed today often seem comparatively trivial beside matters of more fundamental importance—the amount of Pell Grants and who gets them, the structure and funding of campus-based programs, the amount and structure of Guaranteed Student Loans. Delivery system issues are less glamorous and less visible. Nevertheless, I believe that delivery system redesign along the lines I've suggested would do much to insure that federal policy achieves its goals.

Mr. COLEMAN. Our last panelist in this group is Dr. Robert Bruker from Southern Illinois University at Edwardsville. He's representing the president of that institution.

STATEMENT OF DR. ROBERT BRUKER, SOUTHERN ILLINOIS UNIVERSITY

Mr. BRUKER. Thank you, Representative Coleman. As you mentioned, I am from Southern Illinois University at Edwardsville and in a relatively short time Southern Illinois University at Edwardsville has become the university of the people of southwestern Illinois. Just over 10 percent of our 10,000-plus students live in university housing. The others live at home or in off-campus housing and drive to campus each day from as far away as 50 miles. We also have a large number of part time students, individuals who have full-time jobs or family responsibilities. The median age for our undergraduate student population is just over 22 years. The median figure for our graduate students is 31. The typical, if you will, students in these age categories are more likely to be alumni of colleges and universities who have already embarked on their careers. Because of the unique characteristics of our institution and of our students, we have a number of concerns related to part-time and commuting students. I would like to briefly enumerate these concerns. The current revision of H.R. 5240 contains language which does not correct the inequity in the Pell Grant Program for commuter students. In the committee print of the bill, a $2,000 cost-of-living allowance was provided for all students. As modified, the bill now provides a $1,200 cost allowance for students living with their parents, $1,600 for students living off-campus, and $2,000 for students living on campus. The living cost allowance of $1,100 for commuters, which has been in the program since its inception in 1972 and is now being raised to $1,200, does not seem equitable. An increase of only $100 between 1972 and 1985 hardly reflects cost increases faced by parents and students for housing nor for the cost of gasoline and operating an automobile which has increased in recent years. At our institution, 90 percent of all Pell Grant recipients are commuting students. The majority live with their parents and would be adversely affected if the living cost allowance is limited to $1,200. And I cannot believe that this condition could be much different at other universities with large numbers of com-

muting students, and it must be even worse for the community college students. The Education Amendments of 1980 recognized this inequity and permitted each institution to establish reasonable off-campus living costs for its own students. We support that concept and urge that reauthorization address the problem. The proposed 5-year limitation for receiving Pell Grant aid should also be modified. At present the limit is dependent upon a timeframe established by each institution's satisfactory academic progress policy. A limitation of 5 years does not sufficiently allow for development or remedial course work or the impact of a change in majors. It would impose a severe handicap for part-time students. The Education Department's example of normal time frames for satisfactory progress is outlined in a December 21, 1983, Dear Colleague letter suggests 6 years as the norm for most 4-year institutions. We suggest that the 5 year limit be dropped from the legislation or increased to 6 years. In summary, we would like to urge that more assistance should be provided to part-time students. Restrictions in current programs should be eliminated so that these students may be eligible for all Federal student assistance programs. Currently the large number of students who attend college on a less than half-time basis are not eligible for most Federal or State student aid. Part-time students, even when eligible, have their awards reduced. We think this inequity should be corrected. Thank you, Representative Coleman, for permitting me to comment on portions of H.R. 5240 which we feel may adversely affect a large number of our students.

Mr. COLEMAN. Thank you very much.

[Prepared statement of Robert Bruker follows:]

PREPARED STATEMENT OF ROBERT BRUKER, REPRESENTING EARL LAZERSON, PRESIDENT, SOUTHERN ILLINOIS UNIVERSITY AT EDWARDSVILLE

My name is Robert Bruker. I am here representing Earl Lazerson, President of Southern Illinois University at Edwardsville. Dr. Lazerson is unable to be here this afternoon due to a previous commitment. We appreciate the opportunity to have our view heard by the representatives of the House Committee on Education and Labor.

We wish to commend Representative Simon, as Chairman, and Representative Coleman, as one of the principal minority party members, of the Subcommittee on Postsecondary Education for their efforts in behalf of higher education in America. The legislation which you and the other members of the Subcommittee have proposed represents a giant step on the part of government toward expanding access, enhancing quality, and improving program efficiency while fulfilling the Federal role in higher education.

Southern Illinois University at Edwardsville is the university for the people of southwestern Illinois. Just over 10 percent of our 10,000-plus students live in university housing. The others live at home or in off-campus housing and drive to campus each day from as far away as 50 miles. We also have a large number of part-time students—individuals who have full-time jobs or family responsibilities. The median age for our undergraduate student population is just over 22 years. The median figure for our graduate students is 31. The "typical" students in these age categories are more likely to be alumni of colleges and universities already embarked on their careers.

Because of the unique characteristics of our institution and our students, President Lazerson has expressed a number of concerns related to part-time and commutings students. I would like to briefly enumerate these concerns.

1. The current revision of HR 5240 contains language which does not correct the inequity in the Pell Grant program for commuter students. In the Committee Print of the bill, a $2,000 cost of living allowance was provided for all students. As modi-

fied, the bill now provides a $1,200 cost allowance for students living with parents; $1,600 for students living off-campus; $2,000 for students living on campus.

The living cost allowance of $1,100 for commuters, which has been in the program since its inception in 1972 does not seem equitable. An increase of only $100 between 1972 and 1985 hardly reflects cost increases faced by parents and students for housing. Further, substantial increases in the costs of gasoline and operating an automobile in recent years for commuters have not been recognized.

At SIUE 90 percent of all Pell Grant recipients are commuting students. The majority live with parents and would be adversely affected if the living cost allowance is limited to $1,200. I cannot believe that this condition could be much different at other universities with large numbers of commuting students, and it must be even worse for community college students. The Education Amendments of 1980 recognized this inequity and provided for each institution to establish reasonable off-campus living costs for its own students. We support this concept and urge that Reauthorization address this problem.

2. The proposed five year limitation for receiving Pell Grant aid should be modified. At present, the limit is dependent upon a time frame established by each institution's "satisfactory academic progress" policy. A limitation of five years does not sufficiently allow for development or remedial coursework, or the impact of a change in majors. It would impose a severe handicap for part time students.

The Education Department's example of normal time frames for satisfactory progress in a December 21, 1983 "Dear Colleague" letter suggests six years as the norm for most four year institutions. We suggest that the five year limit be dropped from the legislation, or increased to six years.

In summary, we would like to stress that more assistance should be provided to part-time students. Restrictions in current programs should be eliminated so that these students may be eligible for all federal student assistance programs. Currently the large number of students who attend college on a less than half-time basis are not eligible for most federal or state student aid. Part-time students, even when eligible, have their awards reduced unfairly. We think this inequity should be corrected.

Thank you once more for permitting me to comment on a portion of HR 5240 which we feel may adversely affect a large number of our students.

Mr. COLEMAN. I was going to ask a question and maybe just kind of lead out of your testimony. About the new nontraditional student that several of you mentioned. Would you address some specifics? I know we talked about it in generalities, but we are going to have some sort of restrictions, we know that. How will we address this new student. We see now from the classroom more and more from the student aid side of things?

Ms. WOOLLEY. One of the things where I did address that was in the 5-year limit written in the draft of the committee print of assistance and that, I think, is a—is a major problem in that area. The nontraditional student may end up taking 15 years coming and going and taking 6 hours here and there. And that could be very burdensome, not only limit the student assistance but also burdensome to the institution too to try and keep track of that.

Mr. DEAN. May I make one clarification on the 5-year limitation in section 404. It is my reading of the provision that the language reads: "shall be 5 academic years or the equivalent." So for part-time students, it actually would be 10 years.

Ms. WOOLLEY. That's correct. I understand that, but in the example that I gave with our engineering science student, he needs 74 credit hours to complete his degree. For the associate degree it would take you 3.08 semesters. He has less than two to complete his engineering science degree at Washington University at the baccalaureate level even on a full-time basis. So you equate that to part time, it becomes even worse.

Ms. WICE. You meant to say 3 years, not three semesters, right?

Ms. WOOLLEY. Three semesters.

ERIC

Ms. WICE. OK.

Ms. WOOLLEY. No, no, no. No, no, I'm sorry, 3 years; 3 years, 12 hours per semester; OK. Thank you. The other thing on the nontraditional student which again seems to be—well, they are older, they're part-time employed, maybe full-time employed in very low level, low-income jobs. They have small children. Many of them are—are single with family. Many of them, of course, are participating in other kinds of Government programs, such as family assistance, food stamps, et cetera. And they have problems even being transported to school, finding care for their children. I don't have any answers to be honest with you. I guess I'm simply asking for recognition that most of our students any more are not the 18-year-old that begins college at 18, completes her baccalaureate at 22. Also mind that we note constantly at least the regulations are written in the baccalaureate—for baccalaureate. No mention of—we used to have a major problem at our institution we thought with the Pell Grant Program in that they were limited to the baccalaureate degree. However, they could stay at an associate degree granting institution forever and we could not deny them the Pell grant. And so that is the other side of the coin as a major problem. So I guess I'm encouraging you to recognize where a great number of the students are in the country today at community colleges.

Mr. COLEMAN. What do you think about Mr. Simon's suggestion on his allotment on block grants tying in the GSL participation to allotments made on that basis? How would that impact your institution in general? If we could just go down the line here, Mr. Sandler?

Mr. SANDLER. I'm not sure how it would impact us because everything's relative. What matters is our Pell Grant and guaranteee student loan activity compared with everyone else's and—and then we would get some percentage of the whole. So without knowing what the universe is, it's hard to say how the proposal would impact us. I—I have a comment on its elegance. It's—Representative Simon's draft legislation is admirable, I think, politically bold, some might say politically naive in that it takes on the—the great rusty old bear of the State allotment formulas. It—it blithely ignores them. I sure hope it flies and I hope that you, Congressman Coleman, will support their abolition. They're a powerful vested interest if you benefit whose States benefit now from the State allotment formulas. Unfortunately they're in powerful States. Nevertheless they distribute now funds to some States far in excess of the minimal funding needs in those States and in other States, Missouri being one, there is not even enough money coming into the State of Missouri either in the Work Study or in the SEOG Programs to meet our conditional guarantees. The thing I like about the current fair-share formula, the formula that distributes funds now within a State once the money gets there is that it makes an honest attempt to recognize institutional need. It's crude. You can poke a lot of holes in it, but you've got to have some system and someone's ox is going to get gored no matter what system you use. The nice thing about the current system is I think it's a—it's a good compromise between relative simplicity not a terribly complicated application to fill out, and yet it's an honest attempt to try to measure institutional needs in the aggregate. And

that's why my technician's intuition is to prefer that system to Congressman Simon's approach which is one step further in the direction of a kind of arbitrary simplicity that has even less to do with institutional need than the current mechanism does.

Mr. COLEMAN. Briefly, Ms. Woolley.

Mr. SANDLER. Sorry.

Ms. WOOLLEY. OK. Now again without some kind of simulation it's difficult to respond. But in first reading it was this would be a fantastic benefit for the community college because we weren't in the game years ago when it was really a grantsmanship game of getting the funds. That's No. 1. No. 2, you can see in the amount of work study we currently get, primarily based upon the State formula and some of the other things and the amount of Pell grants we disperse, our guaranteed loans is $2 million, something like that, that we would, if the funding were there, definitely it would be a benefit to our students.

Mr. COLEMAN. You think you'd receive more funds?

Ms. WOOLLEY. Yes. Currently we receive close to $300,000 under what would be—well, that's what we currently receive in SEOG.

Mr. COLEMAN. Mr. Bruker.

Mr. BRUKER. No, I couldn't comment on that.

Mr. COLEMAN. We do have a very capable staff here. Any of you that would want to ask a question of these witnesses.

Mr. DEAN. If I could ask one question regarding the disbursement of guaranteed student loans. The administration has suggested that lenders be permitted to issue a check to the educational institution as copayee. How would your response be written into our Education Act?

Mr. SHARP. I think we would welcome that in that in some instances had great difficulty with students, especially in some proprietary schools where the situation hasn't been explained to students properly or whatever. We've had checks stolen off of some—directors' desks when students leave because we had it in their name and those kind of things. I think most schools—I think they might welcome it.

Mr. DEAN. Perhaps we might hear some comments from the schools. How about yours?

Ms. WOOLLEY. We would have a real problem with it, more in the administrative line than anything else. If we have a $2,500 guaranteed loan check and tuition is only $300 and you have to send it through your finance cycle then the burden is on us for redoing that check to give to the student. We require, at least at St. Louis Community College, those students who receive guaranteed loans, we require them to pay their tuition. By law our students must have their fees paid before classes begin and then we will not disburse the guaranteed loan checks until classes begin.

Mr. DEAN. How would you address the problem of the student who gets the $2,500 GSL and then disappears?

Ms. WOOLLEY. Again the way that I would suggest that would be of benefit to us and might not be to—obviously to Washington U. or higher priced institutions. It's a semester check, not a year. Instead of 2,500, it would be 1,200.

Mr. DEAN. In Federal law as it is written there is no obstacle to multiple disbursements by the lenders.

Ms. WOOLLEY. That's correct.

Mr. DEAN. I gather that your institution is giving out $2,500 checks all at once. Is there any reason you do that other than——

Mr. SHARP. The difficulty with that is the administrative costs are very high. To a lender a $2,500 loan is a very, very small loan, especially the administrative costs. If you broke that into two disbursements, true under the present law we'd be paid special allowance in interest on the remaining 1,250 that we hold but it in no way offsets the burden involved in processing the second disbursement.

Mr. DEAN. If we mandated multiple disbursements for first-year students once they went in the second year, would this not complicate your program. Do you think it would drive lenders out of the program?

Mr. SHARP. Yes. First of all, there's—there's a major software consideration. Take a lender such as Community Federal that might disburse $18 million a year, I don't know how many loans that is, OK, but that's a lot of loans. A lot of those are, let's say conservatively a third, first-year students. So that means immediately we need some kind of software system to process and handle those checks and that basically isn't there because they're all going to happen at the same time basically within the same time frame. Either that or we hire every temporary person in the city to come in and type checks out within a certain time. There's got to be a lot of data processing and it's very, very costly to do that. And it isn't applied only to those loans then we'd have to, you know, have two procedures side by side.

Mr. DEAN. Right.

Mr. BRUKER. That would have the same type of administrative problems as being mentioned.

Mr. SHARP. I'm sure that we would develop the redtape though to run the students through in order to administer it.

Mr. DEAN. Well, you have no choice.

Mr. COLEMAN. Thank you all. We could ask lots more questions but unfortunately we have these time limitations so thank you very much. Our last panel today is far from least important. Paul Simon and I think it's very important. It's on foreign languages and international education. Doctor Etzkorn happens to be first on my list, he is the associate graduate dean at the University of Missouri here at St. Louis. Welcome and if you could hold it to 5 to 7 minutes we won't have significant time problems.

STATEMENT OF K. PETER ETZKORN, ASSOCIATE DEAN OF THE GRADUATE SCHOOL AND CHAIRMAN, INTERNATIONAL IMPLEMENTATION COUNCIL UNIVERSITY OF MISSOURI, ST. LOUIS

Mr. ETZKORN. All right. I appreciate having the opportunity to present information and testimony to the House committee. We are dealing here in an area where the broad purpose is really to be applauded and the suggestions that I am bringing to the committee are only in the form of recommendation. I compliment the—Mr. Coleman and Mr. Simon for having squarely put before the Government into the one area in higher education where there can be relatively little debate about that the Federal Government indeed

does have a role in this area and that is to see to it that the national security needs and the purposes of national security of the country are being met. So I'm delighted about the various titles and sections within the—Title VI in particular, of course, the provisions for providing support for language training and for sensitizing the American public to the fact that the boundaries of the United States are not in Canada and—pardon me, in California and New York but that they are somewhere out there in China and on the other side maybe in the Soviet Union, that east to west and north to south the U.S. interests are not bounded any more by what used to be somehow the place where the customs officers are. We applaud the dimensions in the bill that deal with exchange of persons, of students, undergraduates and graduates, of teachers, of faculty researchers and while I'm not sure whether the legislation as I'm reading it may have some conflict with existing legislation, such as Fulbright Act or Fulbright deals, the intent of the bill is fully applauded and I'm sure that the details on whether this should be under USIA auspices or under somebody else's auspices is something that will be worked out in some form or other. I simply wish to emphasize that all of these titles or aspects of the bill have the full support I think of the higher education community. I wish to speak now about some of the thoughts that I have or that we have where just possibly the committee might wish to consider maybe amending the current bill, improving it, augmenting it and these are essentially three areas. The national endowment of international studies is certainly most intriguing and we all applaud the fact that you will give greater profile to the significance of international education by this particular suggestion. In the tasks for the endowment, I would suggest that you might wish to consider to add something, and that is a concern which I have encountered among many professionals. It is the fact that we in this country find ourselves almost in no position whatsoever to invite international scholarly associations to hold their meetings in this country. The rather disturbing experience that many of us have is if we are say invited to present—to be present or to present a paper to be present in a undeveloped country where they hold scholarly associations, we find—we find that the Government there will roll out all kinds of red carpet treatment, will make it possible for scholars from around the world to come there. Usually those countries have some airline even and they provide you with tickets and they can pretty much stack even the tiers of who comes and attends these kinds of meetings. When then some of these individuals say well, why don't we meet next time in the U.S. members of the U.S. delegation will have to beg off because there's no way where we can turn around and say come to the United States. And if we invite people to come to the United States, it means that the professor or university dean or whoever else is there, by tendering such an invitation is knowingly saying—committing themselves to 1 or 2 years of fund raising on the private level because we have no way of organizing this and from the point of view of national interest it seems to me that it is of great significance that, first, we bring people from other countries, community influentials, or scholarly influentials to the United States; second, that they come under auspices which are optimum; third, that by doing so our own

people benefit from contact with these people again in our optimum circumstances. It seems to me that just possibly that might be a task that the national endowment for international studies might be assigned to it. We currently to my knowledge have no such facility. We have some dollars in the mission agencies, the National Science Foundation, funds of certain very narrow targeted activities of a scientific nature but nothing of the nature I'm talking about. A second area that I feel you might wish to give some thought to concerns the question of possibly targeting the location of these newer centers of language training in international studies. That may be possibly tied in with some of the provisions in the title that deals with the urban grant universities. It seems to me that the resources that we have in the population centers of this country as far as international activities go could be cost effectively integrated so if we are having shortages of Federal dollars or shortages if we ask where do we get the most done for the buck, my recommendation would be to look at the—tying it up with the urban grant legislation and—and finding ways to locating these centers in our urban areas. My colleague, Dr. Fedder, I have seen his testimony, is going to say something about how we're doing things in St. Louis. I'm making some reference to an organization which I think is one of the most effective organizations, a nongovernmental area, namely, the Sister Cities International and in the State of Missouri, both at the University of Missouri-Kansas City and at the University of Missouri-St. Louis we have dovetailed with that organization and really been in a position to strengthen our international out reach through that organization's linkages. In the case of Kansas City, with Seville, Spain, and in the case of St. Louis where we have five sister cities with Lyons, France, and with—currently with Stuttgart, West Germany. We've also been dealing with Nanjing, China, the People's Republic, and with Suva in Japan. So there are ways by which the Federal tax dollar can really be used to provide incentive to the private sector. I would suggest that this might be an area where the committee might wish to explore further out reach.

The first—or the third area is a somewhat ticklish area because it deals with questions of which I have no great competence and so I'm not too confident in suggesting it but I do feel obliged to do so, and that is in the field of State universities, as we all know, there is always a differential of in-state fees and out-state fees. International students typically are being charged the out-state fees. It would seem to me that it would be a proper role of the Federal Government to address the question of out-state fees for international students. If we were to provide say some block grants to institutions to pick up a certain portion of the out-state fees for international students we could effectively enhance the recruitment of international students to our institutions of higher education. I'm not making a special partisan plea for the public sector because the same amount on a per capita basis could be allocated to the independent schools. What it would do in my estimation is that it would similar to the arguments of our graduate deans provide the schools with the wherewithal to select the competent student and not to deal on an entitlement basis but rather to look for those students who are really most likely to benefit from it and the criteria

of what is the greatest benefit might be very—might vary a great deal. Nevertheless, the initiative, in my view, would be given to the institutions. These are three areas which you might wish to consider beyond what the draft proposal is in the bill. I am grateful that I had the opportunity to support your very important work on behalf of higher education in strengthening title VI and providing these opportunities to our institution. Thank you for your attention.

Mr. COLEMAN. Let me take the time to ask you a question before we go on to the next witness. It's a little bit different format. In your suggestion about international scholarly associations, are you—because I'm not familiar with it, when you say you must raise funds for 3 years if you did it privately, do you provide plane tickets, transportation costs or hotel, meals here? What is usually done on that basis when you go to another country?

Mr. ETZKORN. When we go abroad, we typically get assistance with transportation. We typically have no per diem costs at the location and we typically have some kind of show and tell which is organized on a very high level. They're—expressed in costs, maybe they will put you up in a first-class hotel, they will have some first-class coaches with travel guides and will show you around and give you some——

Mr. COLEMAN. And that is all paid out of public or private funds in that host country?

Mr. ETZKORN. In the host country it's—examples——

Mr. COLEMAN. Are they private funds?

Mr. ETZKORN. It's usually public funds.

Mr. COLEMAN. Public funds.

Mr. ETZKORN. Public funds, it's some kind of academy or some kind of governmental arrangement. And it is, of course, extremely persuasive and it wouldn't be terribly expensive for us to do it on a——

Mr. COLEMAN. Also about the sister cities, I'm aware of one but I do not know how they operate. Is it a private foundation type of arrangement?

Mr. ETZKORN. Sister cities is a—first of all, nongovernmental. It's the private sector and it's based entirely on volunteers. We have a—typically you have in a given community, say Kansas City, a group of citizens who find that Seville, Spain, which is your sister city there, has certain complementarities. As a result of that, the people in Kansas City—citizens, civic-minded individuals, organize themselves, go to their city council and their city council establishes some kind of a formal recognition. In Seville, Spain, kind of private citizen initiative, sometimes it's initiated then by the mayor but at any rate there's this comparable kind of a publicly spirited group in existence. As far as the university goes, Seville does have a university and naturally Kansas City has a number of independent schools plus the University of Missouri in Kansas City. And so by having these academic communities, then both sides students can be exchanged and the students then are not limited to living in a dormitory because the citizens in these communities will take them in their home and there is some range of opportunities. On the national scale, all of our—we have about 700 cities in the United States, or communities, not all of them are big cities,

of course, that do have affiliations abroad which amounts to over 1,100 affiliations in about 80, roughly, countries and there is quite a resource in our cities that can be called upon by our universities. It is being done. I mean we are not singular examples. Phoenix, AZ, it's being done. In Taylor, TX.

Mr. COLEMAN. Well, thank you very much for your——

Mr. ETZKORN. Thank you, Congressman.

[Prepared statement of K. Peter Etzkorn follows:]

PREPARED STATEMENT OF K. PETER ETZKORN, ASSOCIATE DEAN OF THE GRADUATE SCHOOL AND CHAIRMAN, INTERNATIONAL IMPLEMENTATION COUNCIL, UNIVERSITY OF MISSOURI, ST. LOUIS

Congressman Simon and Congressman Coleman and other members of the Committee, my name is K. Peter Etzkorn and I am Associate Dean of the Graduate School at the University of Missouri—St. Louis where I chair the University's International Implementation Council. In a volunteėer capacity I serve as Director of Sister Cities International (Washington, D.C.), as Chair of the Council of Sister Cities of St. Louis and am a Director of the Lyons and Stuttgart-St. Louis Sister Cities Committees, Inc. I also serve on the governing boards of a number of international scholarly and professional societies such as The Society of Ethnomusicology, The International Institute of Sociology, MEDIACULT and The Inter-American Association of Higher Education.

UMSL's International Implementation Council coordinates the activities of administrative officers with varying responsibilities affecting international dimensions of University life such as the Coordinator of Student Services, the Director of the Center of International Studies, Directors of Finance and of Admissions and Registrar. The Chairmen of the Committee on International Studies of the Faculty Senate and of the Department of Modern Foreign Languages represent the faculty on the Council. As Chairman I represent the Campus at the International Program Council of the Mid-American State University Association (MASUA), Universities Field Staff International (UFSI) and International Programming in the University of Missouri system.

I am pleased to be here and be given the opportunity to tell you about the exciting opportunities in Higher Education for sustaining the international dimensions of St. Louis. St. Louis' international heritage is obvious, whether in the names of its streets and suburbs, the founders and contributors to its cultural institutions, or the present day markets to which St. Louis manufacturers ship their goods. Our students sometimes need to be made aware of the very imbeddedness of St. Louis and the United States in the web of nations through our heritage and contemporary interdependencies. Yet the various programs proposed in the Bill to amend and extend the Higher Education Act of 1965 strongly dovetail with our local efforts and would lend support in areas in which local resources for international programs are difficult to be found when the local and state tax base is barely adequate to begin taking care of immediate regional needs.

In order to respond to the mandate of the State of Missouri and this nation for research that will improve the quality of life, the University of Missouri considers that it is an important part of its responsibilities to participate in carefully selected international activities which: (1) contribute to the education of its students or the education of foreign students, or (2) involve research activities which broaden the University's research capability or disseminate results of University research to other institutions.

In carrying out these broad purposes, the University of Missouri undertakes international activities which:

(a) Are directly related to and are supportive of existing academic programs of the University; (b) can be undertaken with the same commitment to quality that typifies the University's programs and functions; and (c) have potential for long-term benefit, rather than being isolated activities with little continuity and promise of development.

In my following remarks, I wish to direct the Committee's attention to opportunities through which Congress could strengthen the international programs of Higher Education. They are:

1. Consistent with the rationale of the urban grant sections of the Bill, to set aside funds for urban based Center of International Studies.

2. For the purpose of increasing contract with foreign scholars, to direct National Endowment of International Studies to support holding conferences of major International Scholarly Associations in the United States.

3. For the purpose of encouraging private sector initiative, to provide funds to institutions to cover the non-resident portion of tuition for privately sponsored international students.

Title VI of the Bill would significantly undergird the basic commitments of the University of Missouri regarding the roles of international activities in its academic programs. Consequently, I offer my full support for the provisions that deal with strengthening [illegible]paration of U.S. citizens in the area of International and Foreign Language[illegible]es through undergraduate and graduate centers. I would respectfully invite [illegible]ommittee, however, to consider whether it might be desirable to amend the current Bill so as to assure that a fair share of programs and centers slated for support from Federal funds be located in principal cities? I offer the following reasons: International Centers located in urban communities can draw cost-effectively on rich international resources in these communities, such as ethnic/heritage societies, headquarters of international corporations, cultural institutions, and Sister Cities committees. In St. Louis and Kansas City, for example, Sister Cities Committees have assisted our University with enriching academic exchange programs with partner universities abroad. These private volunteer groups assist with hosting foreign students and faculty, thereby multiplying the impact on the U.S. community at no additional costs; their counterparts abroad assist our own students with gaining a more direct learning experience of the foreign culture. Through these committees our students become involved in the life of foreign communities through home stays, inclusion in community and business activities, rather than the relative isolation of academic dormitory housing. At present few international center programs are supported in our urban public institutions, although they are located where the majority of U.S. students reside. Amending the Bill in this direction, in my opinion, would considerably strengthen its impact. The Board of Sister Cities International, whose Committee on Higher Education I chair, would work with the Department of Education to promote this kind of private sector, volunteer, non-governmental-organization initiative in programs supported in urban universities. We have in place a network of 1,153 community-to-community n.g.o. linkages in [illegible] countries. I would be pleased to work with your staff should this idea be worthy of further exploration.

The proposed National Endowment for International Education would enhance the status and improve the administration of international education activities within the Department of Education. I am also offering my full support for this section of the Bill.

While my following concern may not be under the rubric of the Endowment as currently conceived, I wish to share it with the Committee. It would appear to me to be most appropriate for International Education if Congress could provide for this Endowment (or another suitable agency) to encourage and assist international scholarly associations with hosting international conferences within the United States. One of my scholarly associations is working diligently at making arrangements for such a meeting to be held in Seattle, Washington. We have not been able to locate any financial assistance from Federal ~~or State~~ governmental agencies toward assuring that the conference will be able to acquaint foreign influential scholars with hands on experiences of what the United States has to offer. I have been an invited participant in numerous conferences in underdeveloped countries, in socialist countries, and in the European Community. In every single instance the national governments assisted the inviting organization with considerable sums, allowing them to show off their way of life along with scholarly accomplishments to the foreign visitors. We will be working hard in Seattle to do our best towards providing modest hospitality to our visitors. But it would serve the national purpose and strengthen our national security, if we would be able to compete with other countries for the hosting of University level conferences in the United States. If our scholarly associations could count on the assistance of Congress, it would be relatively easy to bring internationally influential scholars to the United States to share their contributions with us and to share with their countrymen, after their return, their positive first-hand experiences with U.S. citizens. At present, U.S. scholars typically are embarassed in turning down opportunities for holding international conferences in the United States.

We simply do not have the wherewithal to respond to such inquiries unless we are willing to give up a year or more of productive scholarly time for fundraising on the private sector. Typically, however, the private sector replies that international activities are the obligation of the Federal government. For purposes of the Bill, it

may be necessary to channel support for such international conferences in the Endowment through U.S. host universities, rather than scholarly associations. Such a mechanism would be most suitable. I am also in full agreement with the objectives of the Bill to help internationalize our campuses by supporting student and faculty exchanges.

Beyond the Bill's provisions, I would like to offer a suggestion on how to enhance the flow of international students to both public and private institutions of higher education. As you know, some State Legislators already are reluctant to have out-of-state students attend State institutions when being charged only a non-resident tuition differential. They tend to be assuaged by arguments that on balance the movement of students among states somehow approximates zero additional costs. For international students, however, these legislators cannot be shown comparable statistics. Could the Bill perhaps, provide this non-resident tuition differential for international students? The national purpose would certainly be served by such an allocation! the result might be that State Legislatures, rather than confronting University administrators with accusations of squandering State resources, might recognize the significance of contributions of an international student body to the welfare of their State and the Nation both in the short and long runs? Private institutions might also be provided with amounts equal to the highest non-resident tuition differential of public institutions in their States so as to be able to reduce the tuition they need to charge international students? It would seem to be that such an institution based support program for international students would require minimal administrative machinery but could produce considerable incentives for international students to study on U.S. campuses. This allocation might be restricted to those international students who privately finance their studies. Fees for students under government auspices would not need to be supported through this program. Needless to add, such a provision would assist our efforts at the University of Missouri—St. Louis and other MASUA (Mid-America State University Association) institutions since we would like to be able to attract more international students so that our own students would have increased opportunities to interact and study side-by-side with contemporaries from other cultures.

As you can see I am appreciative and applaud your efforts to provide incentives for the higher education community towards meeting its obligations in the area of international education. My suggestion for possible additions are made in response to the Committee's letter inviting ideas for further exploration. Please call on me if I can be of further assistance.

Mr. COLEMAN. Dr. Fedder is the director, Center for International Studies here, at the University of Missouri-St. Louis.

STATEMENT OF EDWIN H. FEDDER, DIRECTOR CENTER FOR INTERNATIONAL IMPLEMENTATION COUNCIL, UNIVERSITY OF MISSOURI, ST. LOUIS

Mr. FEDDER. Thank you, Mr. Chairman. I'm going to abbreviate my statement although I can end the entire document as brief as it is to your attention. Let me address two principal points. One is a strategy more than a basic need, a strategy for attacking the whole question of how to improve the teaching of foreign language and international studies, not only at the university and postsecondary level but also K through 12 because I think this is a—an issue area that is so important and an area which can be treated by a good old-fashioned American know how which is called rearranging and some restructuring which we often engage in but usually in the wrong thing. This is one area where I think we can do something. The St. Louis community has recently started a new concertion which has promise I think where we're really coming to grips with this process. It's a conception for international studies education with basic funding from the Dentwood Foundation described somewhat in my statement. It comprises all of the major universities in the St. Louis area, the World Affairs Council of the United Nations Association, the Higher Education Center, the St. Louis community

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colleges that includes superintendents, principals and teachers from the St. Louis area schools K through 12 and secondary, but primarily secondary. It is a concertion which will be getting underway with an annual budget of somewhere on the order of $150,000 to $170,000 which is not a lot of money to spend in a city the size of St. Louis. With another $100,000, I could virtually guarantee a very fine delivery of service. And again I say that's very little. All of the money that we're talking about now is local foundation money with a lot of volunteer time by citizens in the community and by university people. You can't carry on a professional activity over a long period of time entirely by volunteers but there's no need to. I think this is an area of approach which deserves some real attention nationally and should be participated in if I'm at all right by the Federal Government because it makes a direct contribution I would argue in the area of national defense. Why in the area of national defense? We operate often in Congress and in the public generally in the selection of Presidential candidates in a vacuum without any real opportunity for citizens to understand the kind of foreign events that occur—that happen. What we are trying to do with the concertion is not train people in how to think about specific things but give them a sense of history and geography, a notion of where the United States fits within the total environment. One side reference, a couple of years ago during the heighth of the recession in automobiles, and you know St. Louis is the second largest automobile manufacturing center in the United States, second only to the Detroit area. We brought in a group of a hundred inner city, primarily black high school students to the campus for a day's symposium on automobile trade. The students went home at the end of the day we did a little survey, do they favor protection or not protection and we used that issue throughout the day with little bias in the presentations. The students came out favoring a lack—favoring free trade, and it was very interesting. These were kids who had never—never thought of it. They then came to grips with the issue and they saw how important it was to them.

We can improve, I would argue, the entire delivery system of knowledge in the international area, in the foreign policy arena, in international trade, by a relatively simple, relatively inexpensive device. And frankly I think it should come from the national defense allocation and not from traditional—because that is where I think the critical need is. Let me add one brief statement and then I'll keep quiet because it is over and it—I'm sorry, the day is getting long. I list on the third page several items and they're in an order more or less of priority. I say by and large our teachers and institutions perform extraordinarily well given the inadequacy of available resources. I don't create the environment within the document itself to show the inadequacy of the resources but they are inadequate. We need several things hinted at in title VI but not sufficiently addressed. To cite a few: (1) Expand and expend—enrich and expand generic international studies programs in colleges and universities. (2) Enrich and expand area studies programs in colleges and universities. Historically we either favor one or the other, and I think that's a mistake. (3) Require community outreach thrusts for both of those points, and I mean require. In

other—in other words, the universities that expand these programs must get into the question of enlightening and informing and educating the community, continuing education, an important thrust of it. Establish and expand partnership among universities individual schools and school districts. By this I mean to establish real direct relationships between universities, university faculty and particular teachers and particular classrooms in the schools. Make this really a continuing process, not a truncated process. Provide for workshops, institutes, and inservice training for teachers on a continuing predictable basis. We lack the predictability now. It does continue but it is very, very mixed in its general format. Begin foreign language training in primary school and by that I don't mean every kid should learn a foreign language. But there should be some foreign languages being taught. The whole process of having some of your friends or your kids' friends learn French or German helps the educational climate in a school even if all the students are not there. I said on the whole our universities and communities have a reasonable understanding of what needs to be done. We think we know where the beef is, our question is where's the bread.

Mr. COLEMAN. I was hoping we'd get through the whole day. Very good suggestions and it's so exciting to hear you talk about the subjects. Let me ask you one question since the hour is getting late. Are you suggesting a matching fund type of arrangement, in other words come up with an IEC concept? You come up with some money from some source with a Federal match of some sort? Is that what you're suggesting?

Mr. FEDDER. Well, what I'm suggesting is related to the matching grant but I think it's even more modest. What I would suggest is that there be a fund available, and if a community reaches a certain level of saturation with programs, meets minimal conditions, then they automatically are entitled to a portion of that fund so long as it meets those conditions and delivers that process, maybe it's 20 percent of the total budget. In other words, if a community raises $200,000, they can apply for $40,000. It wouldn't be automatic. They'd have to meet the conditions, but the conditions would be the kind of average component, the kind of saturation, the kind of relationship in the schools, the kinds of delivery systems.

Mr. COLEMAN. Now you said during 1974 through 1976 you directed a project and so forth. When was it formed here?

Mr. FEDDER. It's just being formed now.

Mr. COLEMAN. Oh, it's just being formed now?

Mr. FEDDER. Right.

Mr. COLEMAN. And you say it's all volunteer?

Mr. FEDDER. It's all volunteer. I'm sorry, we had—we do have a staff we are beginning to put on line now.

Mr. COLEMAN. OK.

Mr. FEDDER. A professional staff.

Mr. COLEMAN. Are you inventing the wheel here? Has this been done in other places?

Mr. FEDDER. There's a similar program in the bay area. It's not quite the same thing. I——

Mr. COLEMAN. I assume you've utilized their experience?

Mr. FEDDER. Of course. Of course, we've brought in consultants from a variety of places. We're—we're doing this by—on the basis of the experience that's been gleaned from a number of places. But we're finally at the point where we can begin to see the strategy that will be fruitful.

Mr. COLEMAN. And how long do you think it takes from the beginning to really say that you're established.

Mr. FEDDER. We'll start with our first group of teachers of—high schoolteachers this summer in a workshop. We will continue with them through the year. We will expand that to include another group. This will be—the initial group will be teachers from 8 or 10 schools and then 8 or 10 additional schools every 2 years over the next 6 years.

Mr. COLEMAN. And are those teachers——

Mr. FEDDER. Now I can't claim success for this program.

Mr. COLEMAN. Right.

Mr. FEDDER. We're—we're just putting it underway.

Mr. COLEMAN. Right. Well, I think it's an exciting concept and let you stumble along and then we can come by and pick it up and take it to Kansas City and——

Mr. FEDDER. Probably it could miss.

Mr. COLEMAN [continuing]. I think it's really great. You've got some good suggestions here that we'll certainly look at it for title VI.

[Prepared statement of Edwin H. Fedder follows:]

PREPARED STATEMENT OF EDWIN H. FEDDER, DIRECTOR, CENTER FOR INTERNATIONAL STUDIES, UNIVERSITY OF MISSOURI–ST. LOUIS

Good afternoon Mr. Chairman and members of the subcommittee, my name is Edwin H. Fedder, I am Director of the Center for International Studies and Professor of Political Science at the University of Missouri-St. Louis. I am pleased to have this opportunity to appear before you to comment on the importance of improving our people's competency in foreign languages and international studies.

During 1974-76, I directed a project funded by the Office of Education under Title VI that has had a lasting impact on the University, our students, the community, and on our approach to solving the problems of language and international studies competency. We concluded that the problem of parochially-oriented undergraduate students could not be solved by the University alone. Curricular and program changes at the University were necessary but not sufficient. We had to get out of the ivory towers and encourage secondary and primary school educators and local groups to teach about international and intercultural studies.

I am presently co-chair of the St. Louis International Education Consortium (IEC) which seeks to improve international and intercultural education in S[illegible]is area school districts. The IEC comprises the Higher Education Center, W[illegible] Affairs Council, United Nations Association, the St. Louis Community Colleg[illegible]ashington, Webster, and St. Louis Universities and the University of Missouri-St. Louis and diverse school personnel. With basic funding by the Danforth Foundation and supported by prodigious volunteer efforts, this program seems a likely model for coordinating university, community, school district, cooperative approaches to improve the quality of international education for students.

The need for improving the teaching of foreign languages and international studies has been stressed to the point of triteness. But while the repetition may be trite, the need for a better educated citizenry is profoundly compelling. Americans tend to be poorly educated in languages, history and geography despite valiant efforts by teachers, school districts and universities.

Americans lack the comprehension necessary to respond intelligently to policy needs in Lebanon, El Salvador, or the Strait of Hormuz. Our students barely know where the Chesapeake Bay is, much less the Gulf of Sidra. Our lack of knowledge drapes us with an Albatross of ignorance where understanding is essential. Few among us are ever exposed to, much less experience multi-lingual or multi-cultural

events, yet most of the people inhabiting the Earth are neither white nor English-speaking. We must heighten sensitivity to the problems and opportunities confronting the United States in this increasingly interdependent world. Issues of critical importance such as nuclear proliferation, environmental pollution, tariff and non-tariff trade barriers are largely unintelligible to most of our citizens. Both democratic theory and political reality require minimal comprehension. As a nation we are failing to do what must be done. We are far more successful at training soap-opera viewers than informed citizens and public officials.

We must infuse education from K-12 and at postsecondary levels with enlightened international content and thus provide students with an opportunity to understand how U.S. foreign policy and international events impact their lives. This can only be accomplished if effort is supported by adequate resources made available by national and state governments and by philanthropic foundations and civic groups.

By and large our teachers and institutions perform extraordinarily well given the inadequacy of available resources. We need several things hinted at in Title VI, but not sufficiently addressed. To cite a few,

(1) Enrich and expand generic international studies programs in colleges and universities.

(2) Enrich and expand area studies programs in colleges and universities.

(3) Require community outreach thrusts for 1 and 2 above to the end that their services extend to the community at large and not merely to the participants.

(4) Establish/expand partnership programs among universities, individual schools and school districts.

(5) Provide for workshops, institutes and in-service training for teachers on a continuing, predictable basis.

(6) Begin foreign language training in primary school.

On the whole, our universities and communities have a reasonable understanding of what needs to be done. We think we know where the beef is, our question is, Where's the bread?

Mr. COLEMAN. And our last witness is Mrs. Prifti, who is director of the Vocational Foreign Exchange Program in the county, Higher Education Center. I don't know where that is in the county or city?

STATEMENT OF WILMA PRIFTI, DIRECTOR OF THE VOCATIONAL FOREIGN EXCHANGE PROGRAM

Ms. PRIFTI. Right, the Higher Education Center is the cooperative form of five universities, six senior colleges, and three community colleges.

Mr. COLEMAN. Oh.

Ms. PRIFTI. It's here in the St. Louis area, the metropolitan St. Louis area. I direct an undergraduate student exchange which is sponsored by ATC and the Ministry of Education and Culture of Baden-Wurttemberg, West Germany. We exchange business students and German students from St. Louis area colleges and universities with business management students from the Berufsakademies near our sister city, Stuttgart. The American students typically are sophomores and juniors. The German students are completing their second of a 3-year program of alternating quarters in the classroom and on a job in German industry. Their St. Louis experience constitutes a quarter on the job. I would like to condense my testimony and report from my experience how student exchange is contributing honestly to our national capabilities in a foreign language and international studies. The experience from which I draw my conclusion is different from other student exchanges. Like others, it focuses on developed—on development of foreign language skills and an intimate understanding of another culture but it is not academic. During most of the summer they are immersed in the daily life of the foreign country working in an industry, residing with the host family and participating in the life of

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that country. The core of their experience is an 8-week, unpaid internship in the other country's industry while residing with a host family. The German students enter the exchange well prepared because they have studied the King's English for 8 or more years. During their internship in St. Louis industry, they serve in various departments, from export to accounting. Our employers have found them fluent enough in English to assign them to a wide variety of important tasks, even handling customer complaints. And one example I'd like to share, some of these German students are fluent in additional languages so that when one St. Louis company faced a sudden loss of its South American representative in mid-summer, our German student intern, who knew Spanish as well as English, assisted at the South American desk for several weeks until a replacement was found. The German students all have evaluated their learning experience as incomparable mainly because their foreign language education was so extensive. The same results have been achieved by well-prepared St. Louis students in their German internship and home stays. On the other hand, our students with more limited German background faced much greater challenges. For them the language barrier is very real during orientation and internship and with their host families. We try to help them overcome inadequate preparation through a predeparture orientation program, including practice of German customs and some conversation and sharing the experience of our exchange alumni. But even for these with a limited preparation, the exchange is so rewarding in every way, including language skill development that they return to St. Louis with a new zest for life, a new desire to develop their foreign language skills and a new appreciation of foreign culture and renewed appreciation of the United States. They will, I think, help create a new American milieu in which foreign language skills are more highly prized and sought. Consequently, I believe that a national policy of support for foreign language and international studies through title VI is more important than ever to the future of the United States and I would particularly support the addition of the program for undergraduate exchange. I have made four specific recommendations that you have before you in writing and I thank you for the opportunity to testify.

Mr. COLEMAN. How long has the exchange been going on?

Ms. PRIFTI. It has been for 4 years. We will conduct our fifth this year.

Mr. COLEMAN. Does any money change hands or do you host and they host and therefore the balance sheets work out?

Ms. PRIFTI. Well, the German Government——

Mr. COLEMAN. Except for transportation.

Ms. PRIFTI. Right, they pay their own personal air fare. The German Government provides stipends for our American students while they are there. We are not able to pay the German students.

Mr. COLEMAN. Yes.

Ms. PRIFTI. They come over on tourist visa. There is no pay to them. They do not have any course work here so they are here for the unpaid internship.

Mr. COLEMAN. I see.

Ms. PRIFTI. The internship companies provide contributions to the Higher Education Center to help fund the program and there have been other community organizations such as the Strassenfest Corp. which has helped to support it.

Mr. COLEMAN. Well, I have not had a chance to look over your points, but I will.

Mr. DEAN. Let—let me ask one question here.

Mr. COLEMAN. OK.

Ms. PRIFTI. Sure.

Mr. DEAN. That is in terms of a Federal program to encourage student study abroad or student experiences abroad——

Ms. PRIFTI. Right.

Mr. DEAN [continuing]. How would you recommend that it be funded?

Ms. PRIFTI [continuing]. I——

Mr. DEAN. Should individual projects submit applications and they be evaluated or how should it work?

Ms. PRIFTI. Yes, I think it should be given to the student. I think it should be used as an incentive, financial aid of some sort, that would be given to the students who participate in exchanges like this, possibly to help them with their studies after they return and particularly those who continue with a foreign language study. I'm all for incentives rather than requirements.

Mr. COLEMAN. Well, thank you very much.

Mr. COLEMAN. The hearing is adjourned.

[Whereupon, at 5:10 p.m., the subcommittee was adjourned.]

[Material submitted for inclusion in the records follows:]

PREPARED STATEMENT OF WILMA PRIFTI, DIRECTOR OF THE VOCATIONAL FOREIGN EXCHANGE PROGRAM

My name is Wilma Prifti, I direct an undergraduate student exchange which is sponsored by the Higher Education Center of St. Louis and the Ministry of Education and Culture of Baden-Wurttemberg, West Germany. We exchange business and German students from St. Louis area colleges and universities with business management students from Berufsakademies near our sister city, Stuttgart. The American students typically are sophomores and juniors. The German students are completing their second of three years in a program of alternating quarters in the classroom and on a job in German industry. Their St. Louis experience constitutes a quarter on the job.

I accepted an invitation to testify today in order to report from my experience the importance of improved foreign language and international studies, particularly in preparing young Americans to increase our country's ability to participate in international markets. I would also like to point out how student exchanges contribute to our national capabilities in foreign language and international studies.

The experience from which I draw my conclusions is different from most student exchanges. Like others, it focuses upon development of foreign language skills and intimate understanding of another culture, but it is not academic. Only for an initial orientation week do the exchange students spend time on campus. During most of the summer they are immersed in the daily life of the foreign country—working in the industry, living in the homes, and participating in the recreational and social life of that country. The core of their experience is an eight-week unpaid internship in the other country's industry while residing with a host family.

The German students enter the exchange well-prepared. Because they have studied the "The King's English" for years, their initial language task is simply attuning their ears and adjusting to the speed of American speech. Their ability to learn

quickly the idioms and slang expressions that are part of our daily conversation confirms their excellent preparation in our language.

During orientation week key people in our area and local alumni of our exchange introduce them to the geography, history, culture, business, industry, recreation, and social life of our metropolitan area. At the end of the week their host families meet them at brunch and take them into their homes for eight weeks and into their families for a lifetime.

The following Monday they begin their eight-week internships in St. Louis industry. They serve in various departments, from export to accounting. Our employers have found them fluent enough in English to assign them to a wide variety of important tasks, even handling customer complaints! Some of the German students also are fluent in additional languages. When one St. Louis company faced the sudden loss of its South American representative in midsummer, our German student intern, who knew Spanish as well as English, assisted at the South American desk for several weeks until a replacement was found.

Most participating companies have found the experience so worthwhile to them and their employees that they have provided substantial gifts to the Higher Education Center to support the exchange. The German students all have evaluated their learning experience as "Incomparable." A major reason why they learned so much was that their foreign language education was enough—eight years of regular exposure—so that they could adjust quickly to immersion in our culture.

The same results have been achieved by well-prepared St. Louis students when they reach Germany, particularly those who have had the equivalent of two to three years' university coursework in German. They adapt readily to the home, work, and community situation in Germany. They absorb new vocabulary, idioms, slang, and dialects. They catch on to humor that consists of linguistic manipulation. They easily manage the differences in terminology used by German business.

On the other hand, our students with more limited German background face much greater challenges. For them the language barrier is very real during orientation and internship and with their host families. Their German listening, vocabulary, and speaking skills are constantly stretched beyond the limit, and assistance from an English-speaking native is not always available (it is a myth that English is the second language of all Europeans).

We have tried to overcome the inadequate preparation of some students through a predeparture orientation program. We provided them several opportunities to supplement their German coursework, including practice of German customs and conversation and sharing the experiences of our exchange alumni. Our students develop a sense of community and camaraderie so that those with better linguistic preparation reach out to help those with poorer preparation. The latter acquire a sense of security in the group and, therefore, freedom to recognize their mistakes and reach out for help.

It is evident that students with more language training contribute more to the internship and benefit more from the exchange experience. For those with limited skill, the language may be a struggle, but the exchange is so rewarding in every way, including language skill development, that they return in late August with a new zest for life, a new desire to develop their foreign language skills, a new appreciation of a foreign culture, and renewed appreciation of the United States of America. They will, I think, help create a new American milieu in which foreign language skills are more highly prized and sought.

As a consequence of contact with such students, I believe that foreign language and international studies are more important than ever to the future of the United States.

I believe that Americans and the rest of the world's citizens will become much friendlier toward one another if we show respect for their languages and cultures through a national policy of support for foreign language and international studies.

I believe that our national policy should strongly support foreign language and international studies at the higher education level, where so much of our national leadership is trained, and in our elementary and secondary schools, where languages are easily learned, where side benefits accrue to the learning of English grammar and vocabulary, and where most of tomorrow's citizens can be introduced to the values of other cultures and their languages.

To help achieve these ends, I urge that our national policy provide strong support for international exchanges that immerse students in the daily life of other cultures. Federal support of student exchanges would be particularly valuable if it included four provisions:

1. Extension of federal financial aid to students participating in international exchanges after they complete two or three years of foreign language at the college level or the equivalent.

2. Grants to students for their next undergraduate year as a reward for participating in an exchange and as partial compensation for the loss of summer income they might have earned during the exchange. Grants would be especially appropriate for students who continue their foreign language study during the year following the exchange.

3. Travel grants to exchange leaders who work directly with exchange students so that they can evaluate and improve their programs through occasional visits with their overseas counterparts and exchange participants.

4. Stimulation of gifts from local industry, community agencies, and foundations to exchange sponsors through a federal matching program.

Prepared Statement of the National Association for Developmental Education

INTRODUCTION

The National Association for Development Education is the nation's major professional organization for college and university personnel who work in remedial, developmental, and learning assistance programs. The Association has an active national membership of approximately twelve-hundred (1,200) college and university instructors, counselors, and administrators. The Association also has nineteen (19) regional chapters representing twenty-five (25) states and an estimated additional four-thousand (4,000) postsecondary education professionals. The Association produces a quarterly newsletter (The NADE Newsletter—circulation approximately fifteen-hundred), a quarterly professional journal (the Journal of Developmental and Remedial Education—circulation approximately five-thousand), and a series of technical reports and monographs (approximate circulation, one-thousand per issue). The Association also conducts an annual national conference, regional conferences, and state and local conferences for members and other interested professionals. Through its publications, conferences, and other activities and services, the Association reaches nearly ten-thousand (10,000) postsecondary education professionals. This represents approximately forty-percent (40%) of the college and university personnel in the United States who are involved in remedial, developmental or learning assistance programs. It is estimated that the active members of the Association, in their roles as instructors, counselors or administrators, have direct contact with approximately 850,000 community college, college and university students.

ENROLLMENT BY TYPE OF INSTITUTION—FALL 1982

	Total enrollment figures [1]		Approximate enrollment involved in developmental programs [1]	
	Public	Private	Public	Private
Universities [2]	2,153,000	731,000	430,600	146,200
Colleges [3]	3,024,000	1,746,000	604,800	349,200
2-Year Institutions [4]	4,520,000	252,000	1,808,000	100,800

[1] Including full and part time students.
[2] Universities—state universities, graduate schools, ivy league, etc.
[3] Colleges—branch campuses, liberal arts colleges, etc.
[4] 2-Year Institutions—junior and community colleges, technical schools, etc.

Reference: Survey of Fall Enrollment in Higher Education—1982, National Center for Educational Statistics, Department of Education.

PHILOSOPHY OF THE ASSOCIATION

The basic philosophy of NADE is that a dynamic and productive society requires an ever-increasing number of highly literate, thoughful, articulate, knowledgeable, and skilled members. NADE supports the notion that American institutions of postsecondary education should be the primary vehicle through which advanced knowledge, training, and skills are disseminated to members of society. The Association also affirms the notion that all members of society have an inherent right to participate in postsecondary education to the extent that their ability and motivation permits. The Association defines ability and motivation, however, not in terms of past performance but in terms of individual potential for development. As such the Asso-

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ciation is committed to equality of educational opportunity and the concept of the "open door".

DISCUSSION

In spite of the current national debate on public education and subsequent efforts to improve its quality, it is highly unlikely that significant improvement in the basic skills of entering college students will take place until the end of the 20th Century—if at all. Even if reforms currently being considered are implemented on a massive scale, it will be many years before the effects of these reforms will be observed in the quality of entering college students.

Furthermore, according to practically all projections on population demographics, the number of college-age students is declining and will continue to decline until the 1990's. While colleges and universities may, indeed, attempt to raise their admissions standards, there simply will not be enough well-prepared college-age students able to meet these standards. Unless colleges and universities are willing to accept smaller numbers of students and a subsequent loss in revenue, there will still be many students attending college well into the 1990's who are unprepared to do college-level work.

The same projections which suggest a decline in the college-age population also suggest that minority groups are the most rapidly growing segment of American society. Yet these groups are among those which tend to have the poorest level of preparation for college-level work. Since they will comprise an increasingly larger percentage of the pool of available college students, minority groups are likely to suffer the most negative impact of higher admissions standards coupled with inadequate preparation for college. If the present trend towards higher admissions standards and reduction of services for underprepared students continues, the gains made in equality of educational opportunity during the last two decades could easily be wiped out by the end of the Century.

A major challenge for educational policy makers in the next decade, therefore, will be to maintain academic standards and educational opportunity in a period when enrollments are declining and the skills of entering students are not improving.

The professionals involved in Developmental Education have made access to quality education and the ability to achieve excellence a reality. This has been partially accomplished through programs provided for under Title III and Financial Assistance provided for by Title IV. Any cuts in funding for either of these Titles would be devastating to postsecondary education and consequently to our country. That is, we can either provide access and opportunity to all which will allow us to redirect and salvage individuals or we can assume a custodial role for members of our society.

Colleges and universities must work with the students avilable to them. To assume that the problem may be solved by arbitrarily raising admissions standards is wishful thinking. It is unrealistic and undemocratic to attempt to raise academic standards by limiting access. It is more realistic and, in the long run, more cost-effective, to raise academic standards by improving the quality of learning that takes place in American colleges and universities.

Ten years ago, very little research was available on Developmental Education programs. However, in the past three years more, although not nearly enough, research has been done and it suggests that Developmental Educators are getting the job done and are successful in many areas. For example, research suggests that Developmental Education is effective in improving students' basic skills and student's grade point. As a result institutions experience improved retention and that means improved institutional revenue.

As a profession, one of the primary concerns of Developmental Educators is the learning process. This is due to the varying levels of preparedness of individual students involved in Developmental programs.

The National Association for Developmental Education, therefore, wishes to make the following recommendations which the association believes will strengthen the quality of the nation's institutions of postsecondary education.

1. *Improving college teaching.*—Most efforts to improve academic standards in colleges and universities have focused on increased expectations and requirements for students. Such efforts ignore the fact that poor academic performance results as often from inadequate teaching as it does from inadequate student skill development. Furthermore, even if students are well prepared for college they should have excellent teachers if they are expected to meet standards of excellence in academic performance.

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College teachers, however, are not well prepared by virtue of their academic training to provide excellent instruction. Most academic training at the doctoral level is designed to produce research scholars, not teachers. Those who complete doctoral programs in American postgraduate institutions are well trained in the research, literature, and inquiry of their content areas. They seldom receive any instruction at all, however, in how to teach others about their content fields. Whatever most faculty in American colleges and universities have learned about teaching has been learned informally, if at all.

If the nation expects truly excellent teaching in its colleges and universities, then it must make an investment in the development of faculty teaching skills. Such an investment should include the following:

(a) Establishment of a national faculty development fund to be administered through the U.S. Office of Education for the purpose of providing financial support to faculty members who wish to improve their teaching skills.

(b) Encouragement of state and regional certification and accreditation agencies to consider the professional development of faculty members in evaluating institutions.

(c) Encouragement of colleges and universities to reward professional development and improved teaching skills in the same manner that research efforts and publications are currently rewarded.

The Association suggests that these recommendations be considered when deliberating on Part A & B of Title V.

2. Expanded research on teaching and learning.—Improved teaching rests on the foundation of improved knowledge of the teaching/learning process. Research on teaching and learning has received far less attention, funding, and federal support than most other areas of inquiry at the college level. While substantial gains have been made during the last two decades in our understanding of how students learn, large gaps exist in our knowledge of this process. These gaps must be closed through research if we are to improve the quality of learning that takes place in American institutions of higher education. Efforts to expand research on teaching and learning should include:

(a) Expansion of funding available to the National Institute for Education to support research on teaching and learning.

(b) Provision of additional support to the Fund for the Improvement of Postsecondary Education for the purpose of supporting the efforts of professional education associations, such as NADE, in expanding research on teaching and learning.

The Association suggests that these recommendations be considered when discussing Title X.

3. Improved support for models of excellence.—Throughout American postsecondary educational institutions, there are outstanding examples of efforts to strengthen the skills of underprepared college students. Unfortnately, these efforts tend to be isolated. They are frequently unknown even to those on the same campus let alone others throughout the country who share an interest in learning improvement.

This is partially due to the fact that working to improve student learning skills is not viewed as a legitimate activity in academe. Faculty tend to expect that students will enter their classes with all the skills necessary to be successful. While their experience should have taught them otherwise, the myth remaines that students in college should all be fully prepared for college level work. The myth also exists that teaching basic skills is not an appropriate activity for college faculty. These myths remain in spite of the fact that most college faculty will acknowledge that may of their students do lack basic skills.

It is imprtant to acknowledge, therefore, that colleges and universities do have a responsibility for improving basic skills and, subsequently, the quality of lerning that takes place in in postsecondary education. It is also important to strengthen, reward, and publicize successful efforts to improve learning. In order to do this, it is recommended that:

(a) National, regional, and state efforts be made to identify "pockets of excellence" in learning improvement and to highlight and reward these efforts.

(b) Colleges and universities be encouraged through accreditation agencies to develop and strengthen efforts designed to improve learning.

(c) Policy statements at the federal and state level acknowledge the importance to improve learning as a necessary and valid means of maintaining academic standards.

(d) Colleges and universities be encouraged to recognize and reward the efforts of those involved in learning improvement.

4. Recognition of learning improvement as need for all students in postsecondary education.—Perhaps one negative consequence of efforts to improve learning for the "New College Student" in the 1960's was that such efforts began to be perceived as

appropriate only to students with poor academic backgrounds. Remedial, developmental, learning assistance, and special services programs were soon looked upon as services only appropriate for minority or underprepared students. Yet all college students can profit from special support services designed to improve the quality of learning. And the techniques used to improve the skills of underprepared students are just as applicable to enhancing the skills of excellent students. It would certainly seem appropriate to the mission of American post-secondary education to promote the academic development of all students—not just those who are mediocre.

It is recommended, therefore, that the following actions be taken to promote learning improvement as a valid goal for all students enrolled in institutions of postsecondary education:

(a) Emphasis by national and state policy-makers on the importance of efforts designed to improve learning for all students enrolled in coleges and universities.

(b) Increased funding from the U.S. Office of Education for demonstration projects designed to show how learning improvement techniques can be applied to well-prepared in addition to underprepared college students.

(c) Federal sponsorship of open forums on learning improvement at the college and university level.

(d) Recognition that learning improvement for all is in the best interests of the nation as well as its postsecondary educational institutions.

CONCLUDING COMMENTS

American postsecondary education faces a critical challenge in the decade of the 1980's. It is in a period of transition form one baby boom to another. It faces significant issues of access versus excellence. It must contend with a short-term decline in the skill levels of entering college students versus a potential abundance of well-prepared college students in the future.

The National Association for Developmental Education believes that the actions recommended here will help the nation's institutions of postsecondary education respond successfully to these challenges. By emphasizing learning improvement through better instruction, better research, recognition of outstanding efforts to enhance learning, and support of activities designed to enhance learning skills for all students, American postsecondary education can only be improved. And only through such improvement can postsecondary education in this nation attain the elusive goals of combining opportunity for all with excellence for all.

The National Association for Developmental Education wishes to thank the Sub-Committee for this opportunity to express the views and concerns of its members. Please feel free to contact the Association at the address below for any additional information.

HEARINGS ON THE REAUTHORIZATION OF THE HIGHER EDUCATION ACT

MONDAY, APRIL 2, 1984

House of Representatives,
Committee on Education and Labor,
Subcommittee on Postsecondary Education,
Flushing, NY.

The subcommittee met, pursuant to call, at 9:30 a.m., at Student Union, City University of New York Queens College, Flushing, NY.

Members present: Hon. Paul Simon (chairman of the subcommittee) presiding. Representatives Simon Ackerman, and Owens.

Staff present: William A. Blakey, council, Laurie Westley, assistant council, and John Dean, Republican assistant counsel.

Mr. Simon. The subcommittee hearing will come to order.

We are pleased to be here at Queens College, Flushing, the City University of New York. This is one of a series of hearings we are holding on the whole question of where we go on the Higher Education Act Reauthorization.

There is perhaps no one single bill that is more important for shaping the Nation's future than where we go in the higher education field, and we are pleased to be here at Queens College.

Today's hearing continues a dialog we began in Washington last week. The entire series of hearings will address the spectrum of issues related to the appropriate Federal role in higher education, the proper focus of our programmatic effort, and funding commitments to low- and middle-income students and to postsecondary institutions.

The Higher Education Act Amendments of 1984, H.R. 5240, refocuses student financial aid on the neediest student to ensure that the student who could not begin, or would not complete, an education, because of high costs and limited family resources, will have the opportunity.

H.R. 5240 simplifies student aid programs with one grant, one work, and one loan program, along with an institutional block grant program. The student financial aid programs were created by Congress over the last two decades. The purpose was to make funds available to students who had no other way to finance their education. In today's economy with nationwide unemployment at 7.8 percent, youth unemployment at 19.3 percent and minority youth unemployment at 43.5 percent, it is time to refocus these programs to address the need they were created to serve.

I am looking forward to hearing from today's witnesses on the specific and the broad policy questions raised in H.R. 5240.

I am interested in receiving recommendations regarding the proposals in H.R. 5240 that make changes in Federal student financial aid programs, including making the Pell Grant Program an entitlement, merging SEOG, NDSL, and SSIG into institutional block grant, the modification of the half-cost provision and the "independent student" definition among other issues.

H.R. 5240 addresses a number of needs of graduate education, including the extension of aid to graduate students. The proposals include a presumption of self-sufficiency (independence) for graduate students, allowing limited graduate student eligibility for Pell Grants, and raising loan limits for guaranteed student loans.

College and universities nationwide are in need of funds to halt the deterioration of America's university research facilities and buildings generally. H.R. 5240 addresses that need for low-interest renovation and construction loans and instrumentation grants. Today's witnesses are particularly able to comment on the bill's approach to this concern.

It is a pleasure to be in New York today and I look forward to a varied and diverse set of testimony. I welcome each of you this morning.

Our first witness will be Mr. Steve Biklen of Citibank.

We are pleased to have you here, Mr. Biklen.

STATEMENT OF STEVE BIKLEN, VICE PRESIDENT IN CHARGE OF STUDENT LOANS, CITIBANK

Mr. BIKLEN. Mr. Chairman, members of the subcommittee: I am Steve Biklen, vice president in charge of student loans for Citibank.

Thank you very much for the opportunity to testify at this hearing on the proposed draft language for a Higher Education Act Reauthorization Bill. The Higher Education Act of 1965 is extremely complex and the committee is to be commended on its efforts to simplify the bill. I hope that my comments will be useful in this process.

Citibank is currently the largest private holder and originator of guaranteed student loans in the country with over 350,000 borrowers. Of this number, approximately 25 percent are in New York State. As such, we have learned a great deal about the program and while my comments will be limited to the Guaranteed Student Loan Program, I will hopefully maintain a beneficial perspective on the overall program. My testimony will be broken into three main areas. First I would like to address some major areas of concern from the lender's standpoint. Second, I would like to comment on several facets of the draft bill that we support, and, third, I would like to offer some comments on a number of other technical issues.

A major concern we have with respect to the draft legislation is the proposal to reduce the special allowance paid to lenders. The draft proposes that the special allowance paid to lenders be reduced from 3½ percent above the 91-day Treasury bill to 3 percent above the same Treasury bill rate or a reduction of 50 basis points. We recognize that this proposal is being made to reduce the overall cost of the program to the Federal Government and to enable the current origination fee charged to the student to be eliminated, but

we believe that if this reduction is imposed, many lenders will either drastically reduce their loan originations or stop originations entirely. As a result, the students and schools would be negatively affected.

While lenders are currently able to make a profit on the guaranteed student loan program, such profit margins are small. This observation is based upon our own experience and conversations with other lenders. Therefore, any reduction in special allowance could make it untenable for lenders to continue to offer the product.

Rather than reducing special allowance, we suggest the following alternatives:

Retain a portion or all of the origination fee. The impact of this on students could be partially offset if 100 percent reinsurance of default claims were instituted, eliminating the need for a guarantee agency to accumulate large reserves, and the insurance fee charged by the guarantee agencies to borrowers was reduced or eliminated. If the insurance fee was eliminated or greatly reduced, the student would receive a substantial benefit.

Raise the base interest rate charged to the student. The discussion draft proposes that the applicable base interest rate for a fiscal year be calculated by subtracting 4 percent from the previous year's average of the 91-day Treasury bill. Instead this might be changed to a reduction of 3½ percent or 3 percent.

Eliminate certain deferments.

A second area of concern is the wording on page 159 relative to the powers of Sallie Mae. The draft legislation authorizes Sallie Mae to undertake any other activity which the board of directors of the association determines to be in furtherance of the programs of insured and guaranteed student loans authorized or will otherwise support the credit needs of students. We believe that any additional programs undertaken by Sallie Mae should first be approved by Congress. Sallie Mae has numerous competitive advantages over private lenders such as the ability to borrow funds from the Government at a preferred rate. Given these advantages, it is appropriate that any new activity Sallie Mae proposes to undertake be carefully analyzed so that private lenders are not placed at a further competitive disadvantage.

As noted above, it would be possible to offset a portion of the origination fee charged to the students if 100 percent reinsurance were implemented. This would eliminate the need for guarantee agencies to buildup large reserves and to fund those reserves with an insurance fee charged to the student. In this connection, it would be possible to greatly simplify sections 442, 443, and 444 of the bill which deal with the various insurance agreements between State agencies and the Department of Education. With 100 percent reinsurance only one simple insurance agreement would be required. We would endorse this as a means of simplifying the administration of the overall program and reducing the cost to the Federal Government through the return of current State agency default reserves to the Department.

Another area of concern is the proposed legislation regarding lenders of last resort. The draft language would require each State to designate a lender of last resort for that State. Over the past few years numerous States have set up lenders of last resort through

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State legislation or other mechanisms. It is not clear that there is a need for Federal legislation to address this issue. In our view, this legislation would simply add an additional burdensome administrative procedure.

There are a number of requirements that have been incorporated in the draft bill which we strongly endorse. I would like to briefly comment on some of the important ones. Page 89 requires that loan checks be made copayable to the student and the school. We support this proposed procedure because it will help to reduce fraud and abuse and defaults. We also endorse the requirement on page 94 that all guarantee agencies report defaulted loans to credit bureaus. This should reduce the number of student defaults. Additionally, the expansion of the grace period from 6 months to 9 months should have a positive impact on the program.

I would like to comment on a number of other issues that are more technical in nature. However, I believe that a number of our suggestions might greatly contribute to a more efficient program. In discussing each of these items, I will reference the page numbers as they appear in the draft bill.

Page 81 proposes lower loan limits on students in their first academic year and who were not previously enrolled in a program. Definition of and verification of the "not previously enrolled in a program" requirement could be extremely difficult and may outweigh the advantages of such lower limits.

Page 79 states that a student cannot qualify for a loan if family income is in excess of $65,000. In view of the fact that the amount of any loan is determined by a "needs test" formula subject to maximum limits, we would recommend that all students be eligible for a loan, subject to the needs test. The number of additional students who would qualify would be small.

Page 82 raises the maximum annual borrowing limits from $2,500 to $3,000 and from $5,000 to $7,000 for undergraduates and graduates, respectively. However, the bill maintains the current aggregate limits at $12,500 and $25,000. We recommend that consideration be given to raising the aggregate limits.

Page 86 requires that the Secretary of Education fix the student's interest rate for the ensuing year at the end of each Federal fiscal year based upon a specified formula. We recommend that the rate be fixed at the end of the fiscal year, but not be implemented until January 1 of the ensuing calendar year. This would allow for a smooth transition period. It is not clear that the draft bill provides for this 3 month transition period.

Page 101 notes that holders of loans which were made or purchased with funds obtained by the holder from the issuance of tax-exempt obligations are eligible for only one-half the quarterly rate of special allowance. In order to clarify this provision and to clear up uncertainty among lenders who do not issue tax-exempt obligations, it would be helpful if the legislation specified that lenders whose funds are taxable, are entitled to full special allowance in all cases even if the loans they hold were purchased from a holder who had issued tax-exempt obligations.

It would be helpful if the language on page 102 would define what constitutes the act of making a special allowance payment.

The legislation should specify that the lender receive payment within 30 days of the Secretary receiving a payment request.

Page 104 requires that tax-exempt issuers submit a plan for doing business with the Secretary of Education as a condition for receiving

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The language should also require that the plan be approved if this is the intent of the legislation.

It might be useful to define reasonable loan transfer fee on page 105.

Page 105 also requires that issuers of tax-exempt obligations have an annual audit of the bond authority by a certified public accounting firm. We would recommend that this concept also be applied to guarantee agencies. Many agencies currently have annual audits done by certified public accounting firms on their own. We would recommend that all guarantee agencies be required to obtain this type of audit to ensure that proper accounting practices are being employed and to ensure consistency across the program.

We endorse the draft bill's parent loan program. The program as structured in the bill will be superior to the current parent loan program. However, we would recommend the committee consider increasing the aggregate loan limit from $15,000 to a higher amount. We would also recommend that the language on page 133 specifically require that lenders make parent loans based on the same lending practices that are customary in making noninsured loans.

Page 135 and 136 states that as a condition for a lender making a consolidation loan the borrower can have no application pending with another lender. We believe this condition will be extremely difficult to administer and monitor and recommend that it be dropped.

Thank you very much for the opportunity to testify at this hearing. If there are any questions, I would be more than happy to answer them.

Mr. SIMON. Thank you for doing some of the best testimony we have heard, simply because it is very specific and right on the points we are covering.

Perhaps the most controversial area you testified on is the 3½ percent. You understand why we are moving where we are moving. Someone has suggested as a compromise that we permit 3½ percent for the first year and then 3 percent after that, the theory being that by covering the first year, you cover a lot of proprietary, a lot of the higher risk, because of the dropout rate and so forth. Is that a workable thing from the viewpoint of the bank?

Mr. BIKLEN. From our viewpoint, it would probably not be workable, simply because when we measure our profitability in the program, we look in the portfolio in total. There may be certain aspects of it which are in certain phases more difficult to process service for that payment, but we do look at it in total. And by looking at it in total, we are able to virtually not have any restrictions in terms of loan size and so forth.

If we start segmenting the special allowance according to different types of loans or according to the different statuses, and that segmentation results in a drop in the overall profitability, it is going to cause at least our service to take a look at the impact of that and then probably have to make some offsetting.

Mr. SIMON. In fact, you end up in saying this is going to cause 3.2 percent or something like that.

Mr. BIKLEN. It would be for us to say that we would require a minimum loan size, because it costs the same to service small loans as it does a big one. And by reducing the special allowance just for a portion of the portfolio, the fact is that you have reduced the overall profitability.

Mr. SIMON. If you do have a 3 percent, realistically, would Citibank stay in the program?

Mr. BIKLEN. I do not think so. We would have a big problem with that.

Mr. SIMON. If you made it 3¼, would you stay in the program? We are going to have an auction here.

Mr. BIKLEN. I cannot answer that. We would have a problem. Whether or not we dropped out of the program entirely, that would be something else. But just so that you can understand why the special allowance is so important, I know we do and I think most other lending institutions look at their returns in terms of the net spread that we are earning on the assets, and normally I think any institution is looking at a required return pretax of close to 2 percent.

If you start, for the sake of argument, earning 3½ percent over the Treasury bill, I think it is fair to say that the best anyone can fund their student at is somewhere around 100 basis points or 125 basis points over the T-bill. And that leaves you with 225 to 250 basis points. Out of that, you have to take your operating cost and on an average those are probably 2 percent or higher. So you are talking about a term of 150 basis points pretaxed, and I think most institutions would have a higher target than that to start with.

So that if we are talking any kind of reduction in special allowances, this is going to be difficult.

Mr. SIMON. If I can switch over to Sallie Mae, your feeling is that is simply too sweeping, it ought to be more specific?

Mr. BIKLEN. Yes. My feeling is that it is too sweeping and they basically can do anything that they want to do They do have a number of competitive advantages over private institutions and if they are able to do anything—if that is not the case, then I think review by the Congress is appropriate.

Mr. SIMON. Have you had any experience with any loan consolidation?

Mr. BIKLEN. Not loan consolidation. We have experience with loan consolidation to the extent that when one of our borrowers goes into repayment, we consolidate all of that into individual's loans with us into one loan. We also have had some experience in purchasing loans from other institutions and consolidating some of those with loans that we already had. But we would not have had as much experience as Sallie Mae had with the options program.

Mr. SIMON. Do you have any other comments on the consolidation question? Any specific things that you would suggest?

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Mr. BIKLEN. One thing I might suggest that I did not have in my prepared testimony, is that I feel that a better consolidation program would be one that would impose some sort of needs test so that a person, an individual, would qualify for consolidation loan as a result of a test that compared their ability to pay, then compared the size of the monthly payment to their gross income, as opposed to just tying it to a minimum loan size. I would try and get at more of the people who really need it than if you have a minimum loan size.

Mr. SIMON. Then you talk about the lender of last resort. What we are clearly trying to do is make sure that everyone can get a loan.

Mr. BIKLEN. Yes.

Mr. SIMON. Do you think that is possible without having this kind of language?

Mr. BIKLEN. I do.

Mr. SIMON. How can you be sure of that?

Mr. BIKLEN. I think it is virtually happening today.

I know that if anyone comes to us, from anywhere, we will make a loan to them and I think that is true of a number of other lenders also. I know that a lot of States that are concerned with access, they solve it on their own. I do not think it requires Federal legislation.

Mr. SIMON. What would you say to a student in North Dakota who cannot get a loan? How does that student in North Dakota get tied into Citibank?

Mr. BIKLEN. Through word of mouth: I suppose that would be the best way. But I think it is fairly well-known across the country that we will make loans to anyone. There are a number of other institutions that will, too.

Mr. SIMON. And practically, a student in Bismarck, ND, how does he tie into Citibank?

Mr. BIKLEN. He could either write us or call us on a toll-free line and request an application and we would send him an application and then we would go through the normal application process.

Mr. SIMON. You suggest raising the aggregate limits. What would you suggest we raise them to?

Mr. BIKLEN. I did not have a number in mind. I guess you might just pro rate it, whatever the increase, if the draft was 22, 5 to 7, it might go up to 35. But I had not given thought to a number; I just think something should be considered.

Mr. SIMON. Are there guarantee agencies that have no audit at all now?

Mr. BIKLEN. Yes, there are a number of guarantee agencies that are not audited by certified public accountants, and some of them have audits to a lesser degree by special auditors and some of them virtually have nothing.

Mr. SIMON. Before our PA man leaves us here, I think my mike is dead. We will try this one.

Before I turn you over to the second Member of Congress here, let me welcome Representative Gary Ackerman, who is now a sophomore Member of Congress, who is the only Member of Congress who shows up every morning wearing a boutonniere. He is a

man of distinction beyond that, and has been a very valued Member. We are pleased to have you here.

Mr. ACKERMAN. Let me just thank the chairman first, and thank you very much for bringing this hearing here to my county. And I want to welcome you and welcome your leadership in this area.

Let me express my thanks to you for scheduling this field hearing on the Reauthorization of the Higher Education Act here at Queens College. As a graduate of this institution I take a certain amount of pride in returning here. The City University of New York, of which Queens College is a part, represents what I believe to be the finest of ideals in higher education in this Nation. The university has immigrants, non-traditional students and persons of all ethnic backgrounds and economic status. Had there not been a tuition-free City University of New York in the sixties, I doubt very much that I would have been able to attend college at all.

I should point out, Mr. Chairman, that the great State of New York is now celebrating the bicentennial of its own Board of Regents, a board which supervises all educational activities in the Empire State. The University of the State of New York, as the Regents are formally known, was founded in 1784 as a vehicle of upward mobility of our young people. All of the educational institutions in the Empire State belong to this university system. I wish to take this opportunity to acknowledge its great contributions to this State and Nation.

The testimony which this committee will hear today, I believe, will be a true reflection of the unique needs of this metropolitan area and State. Over the past 200 years, New York has attempted to meet the diverse needs of its citizens by addressing the very real problems of higher education.

One of the chief striking points is the high costs of education, and how to make higher education affordable to our students. Free tuition at the City University of New York was one way; the Tuition Assistance Program, which is supported by the Federal State Student Incentive Grant, is another. The continuing commitment to education by our national leaders is essential. But while the city's and State's dedication to this mission has remained steadfast, the Federal Government's commitment to access, excellence and diversity in postsecondary education has been declining since 1980. The financial hatchetmen for the administration did their work on our education budget.

If we treated student loans the same way that Presidential staff loans are treated, instead of calling the loans Guaranteed Student Loans, we would call them "Meese Loans," and the financial problems of New York students would be over. But in the real world, we must insist that our students repay their debts.

The reauthorization of the Higher Education Act is an appropriate vehicle to restore much needed funds to the postsecondary budget. Many critical programs that would restore access to universities are contained in title IV of the act. For example, I believe it is imperative that we treat Pell Grants as entitlements. Pell Grants are, and should be, related to the financial need of the student. By constantly chipping away at the program, we are doing no more than discouraging truly needy students from attending college. In a city and State where thousands of students are unable to

afford even the low cost public universities, continued and expanded aid through the Pell Program would be of astronomical benefit.

In addition, we must continue to urge all of our colleagues in the House to support programs that attract historically underrepresented minorities to higher education opportunities. The reauthorization resurrects a strong commitment to TRIO Programs, which provide the incentive for economically disadvantaged students to embark on postsecondary education.

Mr. Chairman, it has been a long time since we each attended classes in institutions such as this one. Our dedication to preserving the traditions that are embodied in these halls of higher learning have not waned. It is crucial, as you well know, to continue our efforts to grant the educational franchise to the countless Americans who now, and in the future, will desire to learn. I firmly believe that the legislation which you have introduced is the appropriate and necessary means to achieve educational quality for all Americans. Thank you, Mr. Chairman.

Mr. SIMON. So we are in your district right now?

Mr. ACKERMAN. We are on the borderline of my district, actually. We are in the great institution that I had the honor of being graduated from, where I first heard the name of Paul Simon, who was a classmate of mine. And I was very anxious to get to meet you and see you again, only to find that you were somebody else.

Mr. SIMON. Thank you. We are pleased to be in Gary Ackerman's alma mater. I did not realize what a fine place we are in.

Mr. Biklen, I thank you very, very much for your testimony and I thank you also for being here early so that we can get the hearings launched properly.

Your testimony is frankly some of the most practical and helpful that we have received. I cannot tell you that we are going to adopt every one of your recommendations, but we are certainly going to consider it.

Mr. BILKEN. Thank you very much.

Mr. SIMON. Thank you.

Now Scott Wexler is here and he will be back in just a moment. Are there any other witnesses here now that are scheduled?

Scott Wexler, we are going to put you on here. We are pleased to have you here as a witness.

STATEMENT OF SCOTT WEXLER, VICE PRESIDENT, UNITED STATES STUDENT ASSOCIATION

Mr. WEXLER. Thank you very much.

Members of the Subcommittee on Postsecondary Education, my name is Scott Wexler. I am vice president of the U.S. Student Association. I live in Albany, NY, and work with the Student Association of the State University of New York.

I would like to speak with you today about your work in reauthorizing the Higher Education Act of 1965. I hope that you will take my words into consideration as you debate and discuss the many directions you may take this legislation.

I strongly support your commitment to make the grants-in-aid program for students, Pell Grants, an entitlement program. This is a very positive step in the direction of guaranteeing that all need-

based aid programs be allocated as entitlements. While political realities may not permit us to make such broad guarantees today, this proposal will help many who could be the target of future budget cuts.

Increased availability of student loans will be helpful in increasing access to postsecondary education. This will help fill the gap between available financial aid and other income sources. I urge you to remember as you prioritize resources that many students at the lower income levels cannot afford current loan programs. They are left short of funds necessary to meet the costs of their education and are therefore forced to leave school. The neediest students must remain our priority.

The Campus-Based Block Grant proposal would significantly increase the sensitivity of the Federal financial aid system to the individual campus and student. It is not clear, given the recent personnel cuts at the State University of New York, felt heaviest in student services, and the increased burden of implementing the Solomon amendment, that we can afford the luxury of administering this new program.

An area that has not received proper attention is the needs of the nontraditional student. Today nontraditional can mean that you are: over 25, working full time and attending classes full time, attending school part time, a veteran, a mother, or any other student who does not fit into the "traditional" model. These students are in need of Federal assistance in order to obtain an education. All students should have access to all need-based aid programs. Specific programs should be expanded to include greater numbers of these students.

Attempts should be made to increase commuter allocations to more adequately reflect the cost to the students. Independent student status guidelines should be amended recognizing that students classified as dependent, but getting no parental support, have extreme difficulty remaining students. The definition of independent student must be flexible enough to acknowledge the economic realities of today's student.

A valuable lesson we can accept from our experience with Federal assistance for postsecondary education is that of review and criticism. We must look at the failures in the system and make the necessary adjustments. For example, this semester, hundreds of students at SUNY Buffalo were surprised to find that they would be receiving smaller work-study allotments because the college had overbudgeted its Federal allocation during the previous semester. This resulted in many losing up to 50 percent of their anticipated spring stipend. Last year very similar events took place at SUNY Fredonia. A regular monitoring agency will help to assure proper administration of these fine programs.

The Higher Education Act of 1985 will reflect a public policy of recruitment and retention of the students most in need of an extended arm. Programs must be encouraged that expand access to a postsecondary education to many who have never considered it an option. We must also reinforce our commitment and potential to assist those who only lack the financial resources to attain this goal.

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I leave confident that the best interests of all students will be protected by those who are charged to do so. Chairperson Paul Simon, Representative Major Owens, Representative Gary Ackerman, their colleagues on this committee, and former student leaders like Bob Levi, serving on congressional staffs, will continue to be leaders in the effort to change the political realities of today that bar us from attaining our idealogical goals.

Mr. SIMON. We thank you very much, Scott. Are you personally familiar with people who are not, or potential students who are not going to school because of the resources that are not there?

Mr. WEXLER. Yes. Would you like an example?

Mr. SIMON. Yes.

Mr. WEXLER. My mother. My mother is a 45-year-old woman. She has three children: myself, trying to finish my education as a senior at the State University; my brother, who is a sophomore who is at SUNY College at Buffalo; and my sister, who has graduated from high school who is going to the University in the fall.

She started attending Nassau Community College part time 2 years ago, attempting to acknowledge that she had goals that she had not attained in her earlier years. She took two classes the first semester and really had quite an enjoyable time. And to be honest, between the crunch of finances, a decrease in the amount of loan that she was getting, she did not have the $600 to register for classes the day that it was due and the college was not in any position to allow her further payment, so my mother did not register for college this fall as she wanted to.

Personally, I am certain that she will not go back, ever, until many of us are able to help her out. My cousin, in fact, almost left school. She was a Social Security child who just missed the boat. Her mother passed away 4 years ago and her parents were divorced 7 years ago. Her mother had been her sole support, and she moved in with my family. Now she is a first year student at the State University College of Brockport, barely hanging on because of the personal tragedy she has had to deal with and not knowing where the aid is going to come from.

These are two personal examples.

Mr. SIMON. I do not mean to be picking on you or your mother.

Mr. WEXLER. Please do.

Mr. SIMON. And I will not ask you who got better grades, you or your mother. But she is a part-time student, right?

Mr. WEXLER. She was a part-time student.

Mr. SIMON. And what kind of assistance would she need in order to continue with her education?

Mr. WEXLER. She needs access to a need based grant aid. If she was eligible, too. I am not from a poor family, my mother and father work full time but—I do not know what kind of need—but she would like access to that because there are a lot of people who are her age that are not working full-time who have a husband to help support them. She would need access to loans; being a product of the economic boom of the inflationary seventies, she would need access to low interest loans to get the couple of hundred dollars, even short-term loans where she could have borrowed the money to have paid it off.

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Mr. SIMON. If I may, since the previous witness is still here: Steve, how would you respond to Scott's mother and her specific need? How should we respond?

Mr. BIKLEN. It is a difficult question. I am not entirely sure without looking at this and understanding more about the specifics of the situation, but there is a problem there, obviously.

Mr. WEXLER. That is the same answer the president of the college gave my mother. I was wondering, I was handed before I left to come here the testimony of a woman who could not be here. It is about three handwritten pages, but I think it is important.

Mr. SIMON. We will insert it in the record.

Mr. WEXLER. Thank you.

Mr. SIMON. Mr. Ackerman.

Mr. ACKERMAN. Let me just say that I, for one, can personally relate to those circumstances, having grown up right across the street from Queens College in a federally subsidized housing project on the other side of Kissena Boulevard. I would not have been able to attend any college had not the City University, during the time that I was here in the sixties, had a tuition-free college education offered to all students. I could not probably have afforded the tuition that is being paid right now at the city colleges, as low as some people might think that that might be. I was interested in your statement about changing the definition of independent student status. What would be some of the suggestions or suggestion that you might make in redefining an independent student?

Mr. WEXLER. Well, in the controversy over the last 2 or 3 years about the guidelines, I have noticed that students are trying to find a way to become independent, as I was with my parents. Because I thought upon my 21st and 22d birthday I should start heading in that direction, but was still unable to meet the needs—there was no way that I could stay in school and become an independent student, even if I wanted to wait a year for the aid. So the statement in the original text of Representative Simon's bill, that talked about the need to assure that students do not go from being dependent one year to independent the next, I thought, while being an important administrative line to have to draw, that there is a need to recognize that not all of us have control on what our parents put on their schedule 1040's. That even though occasionally a parent may—you know, the guidelines, they are not flexible, Representative Ackerman. They do not recognize that every personal situation usually is a separate case. That is the positive thing about the campus-based block grant: you can put that decision into their hands and maybe balance it.

Mr. ACKERMAN. Is what you are saying that we should have some more human controls on a more local campus level because in some households the parents may be having a combined income of $50,000 or $60,000, but the two students of college age may not be reaping the benefits of that type of an income?

Mr. WEXLER. Yes; and many of the students that go to school here at Queens College are representative of that kind of family. They usually do live at home, they are paying for economic reasons and they are working quite a lot. We should be as sensitive as we can be to the personal needs of the student, because that will only help us attain our goals.

Mr. ACKERMAN. Thank you.

Mr. SIMON. Thank you very, very much, Scott, for being here. And we are going to try to follow through to try and see how we can help specifically, not only your mother, but your counterparts. You tell her that she has become a part of this record today, all right?

Mr. WEXLER. Yes. Thank you very much.

Mr. SIMON. Thank you.

We are pleased to have someone who has been a witness for our subcommittee on at least two other occasions, Dr. Dolores Cross, the president of the New York State Higher Education Services Corp.

STATEMENT OF DOLORES CROSS, PRESIDENT, NEW YORK STATE HIGHER EDUCATION SERVICES CORP.

Dr. CROSS. Good morning, my name is Dolores Cross and I am president of the New York State Higher Education Services Corp., our State's centralized student financial aid agency. I am pleased and honored to testify before this distinguished forum.

By way of background, I would like to describe our agency's scope. We are the largest State student aid agency in the Nation. We administer 15 programs of grants, scholarships, and loans which last year provided $1.3 billion to 700,000 students. These funds support a higher education enterprise which comprises 650 postsecondary institutions, enrolls over 1 million students, employees 200,000 faculty and staff, expends $7 billion annually, and offers more than 15,000 registered academic programs. While enrolling 8 percent of the Nation's college students, New York provides 30 percent of all State-funded grants made nationally, and our students utilize 40 percent of all ALAS loans, 18 percent of all PLUS loans, 14 percent of all GSL loans, and 13 percent of all Pell Grants awarded nationally. Clearly, New York State is dependent on the title IV student aid programs and thus we are here to ensure that policy is developed with sensitivity toward the needs of our students and institutions.

I am going to deviate somewhat from the normal mode of testimony by reading into the record a recent letter I sent to Clarence Pendleton, Chairman of the U.S. Commission on Civil Rights. It summarizes my concerns over issues which must be kept in the forefront of our thinking as reauthorization and budget options are considered. I read now from the letter:

DEAR CHAIRMAN PENDLETON: I write to urge you to reconsider the recent decision of the U.S. Commission on Civil Rights to cancel a study of how reductions in Federal student aid have affected large numbers of black and Hispanic students.

I found the decision to be unfortunate and not reflective of the needs of our times. I also noted an inconsistency with the Commission's later decision to study whether factors other than discrimination prevent racial and sexual equality. I submit that one definitive factor which prevents equality is the lack of fair and even access to a postsecondary education. I further submit that access is directly contingent on the adequacy of available Government-sponsored student financial aid.

As you know, our Nation established a policy of encouraging attendance beyond the high school level with the passage of the National Defense Education Act in 1957. That commitment was further reinforced by the 1965 Higher Education Act and subsequent amendments. In 1978, the Middle Income Student Assistance Act [MISSAS] once again reaffirmed the partnership of the Federal Government with States and institutions, with the objective of equalizing opportunities for education.

Since then, however, there has been a retreat from that position. Some have sought to shift funds away from social programs which help the poor, especially minorities, without realizing the disproportionate damage that such action wreaks on our historically underserved populations. Consider the following:

During the late 1970's, the growth in funding for Federal student aid programs slowed markedly. And, since 1980, there has been a 21-percent decline in the real value of the funding level of these programs when adjusted for inflation, with an absolute dollar loss of $2 billion annually.

Concurrent with shifts in Federal student aid funding, there have been reductions for black students both in student aid awards and in enrollment opportunities.

According to the congressionally appointed National Commission on Student Financial Assistance, black college students were more likely to receive a smaller Federal financial aid award in 1981 than in 1974, when inflation is considered. Yet, white students were more likely to receive a larger Federal award.

From 1974 to 1981, enrollment of the lowest income dependent students, those whose families earn less than $7,500, fell more sharply than for any other income group. Census data show us that blacks and other minorities are disproportionately represented at these lower income levels.

According to the National Center for Education Statistics [NCES], the significant gains in college enrollment for blacks made in the early 1970's leveled off by the end of the decade.

The proportion of black high school graduates aged 18 to 24 enrolled in college increased from 26 percent in 1970 to 32 percent in 1975, about the same level as whites. By 1980, however, the proportion of blacks dropped to 28 percent, while the rate for whites stayed at 32 percent.

Our statewide research has found blacks and women to be more financially vulnerable than their majority counterparts. Indeed, when the 1981 Omnibus Reconciliation Act cut Federal aid and caused great confusion regarding eligibility for remaining aid, enrollments of women, minority, part-time and independent students dropped disproportionately. Black respondents to a recent statewide survey which we conducted were more likely to report financial aid as a central consideration in their inability to attend college and were more likely to downgrade their educational aspirations if enough aid were not available.

Why must blacks and other underrepresented groups continue to downgrade their hopes, aspirations, and dreams because of a waffling Federal commitment? How long will their rights to educational access be denied? Who will fight to protect their civil right to an opportunity for education, if not the Civil Rights Commission?

With all due respect to the fine lines of organizational charges and jursidictional boundaries, I appeal to you and the Commission to reconsider your decision. As John Kenneth Gailbraith said recently, "The poor are still very poor." And as the Census Bureau reported recently, the percentage of blacks living below the poverty level was the same in 1981 as it was in 1970. Is that progress? I doubt it. Why do we not find out why this program is lacking?

We need a clear voice of conscience on this issue. Without it, the voice of blacks, Hispanics, and women will continue to be unheard and generations of undereducated people will be our generation's legacy. Now is the time for the Commission to act."

That is the end of the letter.

In addition to maintaining our research efforts in the areas of access and choice for minority students, I suggest that this subcommittee be attentive to the plight of the independent student. Demographics suggest that these students are growing in numbers, yet our research shows that they face a high, unmet need, even after financial aid and the family contribution are considered. I recommend that budget and reauthorization proposals be developed in ways that will increase benefits to independent students, a group that is disproportionately composed of minorities and women. The remainder of my recommendations are contained in my agency's reauthorization position paper, which is now available.

Thank you for your attention.

Mr. SIMON. We thank you, Dr. Cross. And I concur wholeheartedly in your letter to the Chair of the U.S. Civil Rights Commission.

An interesting statistic is that we are looking at demographics, and we anticipate, if you are to take a purely demographic look as where we are, that we will have roughly a 20-percent drop in student enrollment in the next decade, but if we were to get the same percentage of blacks, Hispanics, and women who graduate from high school to enroll in college in the next decade, there would be no drop in students.

To those who criticize what we have introduced here to say that it is costing money, of course it is costing money, but someone handed me this morning the Washington Post which says that James Michener received $11,000 in educational assistance from the taxpayers and he has now paid about $65 million in taxes. Not too bad, I would say.

Dr. CROSS. I referred to your comment about the enrollment of blacks and Hispanics in the presentation I made just Saturday at C. W. Post

Mr. ACKERMAN. Just let me say it was a pleasure listening to you and it was a pleasure listening to you when you testified before our Higher Education Committee in the New York State Senate and it is an additional pleasure to hear your testimony today. I fully concur with your comments on observations.

Dr. CROSS. We try to be consistent. Thank you.

Mr. SIMON. Thank you not only for your testimony here today, but for your leadership. The Nation is richer because of your leadership. We thank you.

Dr. CROSS. Thank you.

Mr. SIMON. I am going to defer the introduction of our next witness to my colleague, who is known on the floor as a gentleman from New York, but he is actually from Queens, so he has an special privilege here today.

Mr. ACKERMAN. I want to thank the chairman, or should I say, not too prematurely, the Senator from the great State of Illinois, for giving me the privilege and pleasure of introducing the next witness.

I would like to ask for the president of Queens County to come forward. Donald Manes is not only the borough president but the county leader of what is the fifth largest city in America, and his leadership and direction in the field of education and higher education in particular is well known to all of us who are interested in this field.

Without the necessity of further introduction, I would like to ask our borough president to address the committee.

STATEMENT OF HON. DONALD MANES, BOROUGH PRESIDENT, QUEENS COUNTY

Mr. MANES. I was a professor here, so this particular school of higher education is one that is extremely meaningful to both of us.

As president of a borough of 2 million people from divergent national, social and economic backgrounds, I have considerable concern for maintaining and extending access to postsecondary education.

Traditionally, the public colleges of New York City have been the stepping stones for upward mobility of the poor, the immigrants and the children of immigrants.

Queens County, in the past 10 years, has had a large influx of people from countries throughout the world. Over 35 languages are spoken in the various communities throughout our borough. The opportunity for a quality education for them and their children will have a major effect on the nature and health of our future city.

Queens is most fortunate in having six fine institutions of higher education, our public senior colleges, Queens and York; our public community colleges, Queensborough and LaGuardia; and our private institutions, St. John's University and the Academy of Aeronautics.

My purpose in coming here today is twofold:

To impress upon you the importance of making as much Federal financial aid possible to those residents of our borough and city who want to further their education and cannot do so without financial assistance; and

To impress upon you the need of Federal assistance to meet the institutional needs of our colleges.

In order to maintain a well-educated work force and citizenry, the Federal Government must continue and expand its role in reducing the economic difficulties of lower and middle income students in pursuing a higher education. The continuing acceleration of the cost of attending college has made it impossible for many to do so.

The New York State Board of Regents, since 1980, has advocated that:

> Federal grants to students in combination with direct payments by students and families should equal half of the actual cost of postsecondary attendance. Other federal assistance programs, such as loans and work study, together with state and institutional student aid and family or student loan obligations, should provide the remaining half of postsecondary attendance costs.

I would like to suggest that steps be taken to fulfill this concept of a State-Federal-institutional partnership. This would result in ensuring access to a college education of choice to our students who are most in need.

I want to bring your attention to some areas of particular concern:

PELL GRANTS

Funding levels for Pell Grants have provided smaller maximum awards than the levels authorized. The maximum Pell award for the current academic year is actually $500 less than authorized. Award levels must be increased to offset the increased costs of a college education and to reduce dependence on student loans.

GUARANTEED STUDENT LOAN PROGRAM

Statistics compiled by the New York State Higher Education Services Corp. indicate that many students find it necessary to borrow the maximum amount of loans to meet current costs. While

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there is a need to lower administrative costs and to curb fraud and abuse, loan availability should not be restricted further.

TEACHER PREPARATION

The dangerous shortage of well-trained teachers on all levels, elementary, secondary, and postsecondary in the areas of math, science, early childhood, foreign languages and teaching of the handicapped, make it imperative that more funds be made available to:

Schools of education to assess and revamp their programs introducing curriculum changes that will include the latest technologies and practice teaching experiences. All teachers, but most especially early childhood teachers and teachers of the handicapped, should be trained in guidance and human relations in order to better meet the needs of our student population.

Attract bright students to teaching. Scholarships and other incentives should be offered to high achieving high school graduates to enter the teaching profession.

Retain outstanding teachers in our elementary, secondary and postsecondary schools. Many highly qualified persons have left the teaching profession for the private sector. This is particularly true in the areas of math, science and engineering.

COOPERATIVE EDUCATION

LaGuardia Community College, located in Long Island City area of Queens County, has an outstanding cooperative education program that has received nationwide recognition.

As cooperative education serves the dual purpose of enhancing the educational program and providing opportunities for students to earn money to help pay the cost of their college education, these programs should be expanded on both the senior and community college level.

CONSTRUCTION, RECONSTRUCTION, AND RENOVATION

Our two public senior colleges in Queens have plans underway to construct much needed new facilities, science building, new library, and school of music for Queens College, and support facilities, auditorium, gym, athletic field, and student union building for York College.

The CUNY Law School at Queens College is temporarily housed in an elementary school and will, when renovations are completed, have a permanent home in a building that was formerly a junior high school.

We are acquiring a former factory building to relieve the severe overcrowding at LaGuardia Community College. This building will require major renovations.

Further, all of our college buildings, not only in Queens but throughout the city, are in need of modernization and rehabilitation. In many cases, maintenance has been deferred for too long a period making costs of rehabilitation extremely high. Compounding this are the high costs of construction and provision of laboratory and instructional equipment.

All of the above compels me to strongly urge you to both change the provision of, and raise the authorization levels of title VII of the Higher Education Act.

Provision should be made in part A and B of title VII to broaden the grants for construction, reconstruction, and renovation of undergraduate and graduate academic facilities to include rehabilitation of existing facilities and expansion of facilities as well as construction and renovation to economize on use of energy resources, conformity with requirements of the Architectural Barriers Act, improvement of research facilities, and detection and removal of asbestos hazards.

I am extremely proud of all of the colleges in Queens County. They are closely knit into the very fabric of our borough, playing major roles in our economic development, providing culture as well as education, and enhancing and broadening the curriculum of our lower schools. Queens could not be the vibrant and vigorous home and workplace for 2 million people without them.

Mr. SIMON. We thank you very, very much for your testimony. What did you teach?

Mr. MANES. Public affairs.

Mr. SIMON. You would be an even better teacher today if you came back. Not that you were not a good teacher then.

Mr. MANES. When I say I taught, I taught after I was assistant district attorney and while I was borough president. So, I taught here having that experience.

Mr. SIMON. It was not an academic pursuit before you got into the business of being in government?

Mr. MANES. No. the only academic pursuit I ever had was becoming an attorney.

Mr. SIMON. The points you mention we cover, most of it we do. The one area where, frankly, we have not done as much, and you point this out, is title VII, the construction area, funding for lab equipment and that sort of thing. It is an area we stayed out of. Well, we touch on it lightly because you get into such huge figures so quickly. And I face a very practical problem, which you understand, and that is that I don't want to make a bill so heavy financially that it will not float. But, in fact, we could probably view whatever we have in title VII as a job's creation bill in the field of construction in addition to whatever we do in assisting higher education.

I assume that in Queens and New York City and the State of New York, the construction field is down just as it is down everywhere else in the Nation in terms of employment.

Mr. MANES. There is no question about that.

I have a suggestion which I think would highlight the very necessary funds from the Federal Government which we feel is necessary for construction.

First of all, from an employment area, that is one thing. The other area is that there are certain schools in this county and throughout the city that were built with materials that are not used today. There are ceilings that are made out of what, Armstrong?

Come over here. I have my major expert.

Mr. SIMON. Can we identify you for the record?

Ms. MORSE. I am Anne Morse and I am special assistant of education to borough president Manes of Queens County.

Mr. MANES. Can I ask her a question?

Mr. SIMON. Go ahead.

Mr. MANES. Remember when we went down to the buildings and the ones there that were falling down?

Ms. MORSE. Those were elementary school buildings. Well, it is cinder concrete that they are made of, and it is literally falling apart. They have caused tremendous problems with all kinds of leaks, and the breaking up of the material itself. So, we really have to do major construction to remedy these problems.

Mr. MANES. I would advise both Congressmen that there are buildings in this county where schools were built while they were using, they have not used it in 20 years, but schools which were built in the 1960's and after, we have schools in the county where we have literally sealed off the top floor because the cinder concrete roofs have completely disintegrated, and the costs are huge. These are major, major construction, where we have, the city, because of the financial crisis we are in, have really opted to just close floors. And some of them are dangerous because those roofs are in the process of coming down.

This is a problem that the city is aware of that we try to cope with, but it is a very, very difficult time to put the funds into this construction.

Mr. SIMON. Are there any higher education facilities that face this problem that you are aware of?

Ms. MORSE. No, not that I am aware of.

Mr. MANES. Our buildings are in disrepair. So that funds for construction, for rehabilitation of our schools for higher education, are really quite need, and it is vital.

Mr. SIMON. Mr. Ackerman.

Mr. ACKERMAN. I want to thank you for calling to our attention the need to broaden both parts A and B under title VII. I would suggest to the chairman that perhaps we can take a look under this act and maybe some others for the greater use of some of our resources in the field of energy conservation in some of our institutions of higher learning.

Mr. SIMON. We thank you very much. Let me just add, it is refreshing to have a local government executive in your capacity with your responsibilities to show a real interest in education. I commend you and I comment the people of Queens.

Mr. MANES. Thank you, and we would like to thank you gentlemen and ladies, for first of all, caring, and also coming to the community. I think that far too often you think of Congress being in Washington.

Mr. SIMON. We are here specifically at the request of Congressman Ackerman, and I want you to know that. Thank you very, very much.

Our next witness is Mrs. Ollie Bryant, director of financial aid at New York University.

We are happy to have you here, Mrs. Bryant. We think your university is in good hands with you and John Brademas.

STATEMENT OF OLLIE BRYANT, DIRECTOR OF FINANCIAL AID, NEW YORK UNIVERSITY

Mrs. BRYANT. Thank you very much. Dr. Brademas was not able to be here last Thursday and he was very sorry that he could not be here today.

Good morning. I am Ollie S. Bryant, director of financial aid at New York University and I am pleased to give testimony this morning. NYU, the country's largest private university, is located in Greenwich Village in New York City with an enrollment of 46,000, 33,000 of whom are degree-seekers. Educational expenses for our full-time students range from $9,900 for community undergraduates, to in excess of $25,000 for students in our College of Dentistry. Seventy-one percent of NYU students receive some form of financial assistance.

I am especially pleased, as an aid administrator, by this opportunity because the drafters of the proposed bill have recognized that under its provisions "students and institutions will benefit through increased access and improved operations if processing is moved closer to the student and his/her institution." Much has been said in discussion of Mr. Simon's proposed bill regarding access and choice. The aid administrator, for the record, is additionally concerned about retention, increasingly so as we watch the gap between educational costs and student and institutional resources grow over the course of a student's education.

New York University is generally supportive of the proposed modifications in title IV programs. In particular we support the concepts of a campus-based block grant program, increased Pell Grants and the reinstatement of the Pell Grant Program as an entitlement program. We do caution, however, that the practical application of these concepts may have some unintentional negative consequences for higher cost independent institutions such as New York University.

PELL GRANTS

As proposed, increasing the maximum Pell Grant to $3,000 addresses only the gap that has grown between inadequately funded Pell awards and the cost of education. The proposed modification in the program's "half-cost rule," however, does not remove the disincentive to a Pell recipient of debt related to enrollment at a high cost institution. In effect, net cost would remain a factor under the proposed bill. We recommend, therefore, that a Pell formula be developed that is more sensitive to the actual expenses at high cost institutions and, thereby, enable program-eligible students to weigh institutional choice on bases other than the size of debt to be incurred or avoided.

While NYU supports reinstatement of the Pell Grant Program as an entitlement, we are concerned about the practical effects. Due to the large amounts of public subsidies that Pell might absorb, the result could limit appropriations for the Block Grant Program.

GUARANTEED STUDENT LOAN PROGRAM

Finally, my institution understands, and as an aid administrator, I salute the desire to strike a balance between loans and grants under the Federal Government's student aid programs. Nevertheless, I must stress that the Guaranteed Student Loan [GSL] Program remains the single most important form of Federal assistance for students at New York University and other, similar institutions. We urge that the "entitlement" nature of the GSL Program be preserved and that the program not be further limited. For this reason, we must question the arbitrary $65,000 family income ceiling on GSL eligibility, as proposed. We at New York University do not believe that two-earner households, living in the Northeast, with children in high cost colleges and universities and whose total family incomes might exceed $65,000 are necessarily wealthy and therefore without need of the GSL Program.

As proposed, families whose incomes exceed the ceiling would no longer be able to file a multiple data entry document, the College Scholarship Service's Financial Aid Form for most of the country, for a more extensive determination of need. Such analysis, while allowing more offsets to income than the simple needs test required by the GSL Program, also takes into consideration assets in determining family financial strength. Such a document serves as a safeguard; the truly wealthy are determined ineligible when assets enter the picture. Whether or not the ceiling is lowered to $65,000, a family who maintains that it has need should still have the financial aid form route as an option.

I thank you for the opportunity to speak to you this morning.

Mr. SIMON. We thank you for your testimony. Two points you raised: No. 1, on the Pell formula, we would be pleased to look at any specific suggestion you make. I have had some discussions with your president about where we are going in this whole field.

Mrs. BRYANT. Yes.

Mr. SIMON. We are trying to be sensitive both to the public and the nonpublic institutions, and putting a formula together that says both is not easy, as I am sure you appreciate.

Mrs. BRYANT. Yes.

Mr. SIMON. On the $65,000 family income limitation, or ceiling, what we have, frankly, done there was to simply take what is now the regulation of the Department of Education, and I have to say I had never heard any complaints about that particular regulation. All of a sudden, we put it into the law and now we are getting quite a few witnesses who complain about that.

Have you had, in your experience, people who should receive aid who have not received aid because of a present legislation?

Mrs. BRYANT. The present regulation I believe now has a ceiling of $75,000, so this looks as though it was being moved down to 65. And there are families who do qualify, whose income is between 65, that is proposed here, and 75, which I believe is in the current regulations, and that is part of the concern that we have.

Mr. SIMON. You may be correct. I thought we had simply taken the current regulation, but you may be correct that the current regulation is 75.

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Mrs. BRYANT. Yes, above $75,000 the family still has the option of filing a financial aid form for determining need.

Mr. SIMON. Mr. Ackerman.

Mr. ACKERMAN. As you might know, there are members of the President's Cabinet who are in the $75,000 a year bracket, and they seem to be able to get loans without any real demonstration of need.

Do you think if we gave out something like Meese loans to students, that they would not necessarily have to repay? That is a rhetorical question.

Mrs. BRYANT. Of course. Our students and their families are willing to repay whatever loans are granted.

These are two-earner households, and I think the intent is to exclude the rich from the program and/or the wealthy from the program. And I think that we already have the means to do that. And a family earning $65,000 in this part of the country, for NYU, those tend to be two-earner households, and there is a difference between assigning the parent earning the 65 and two parents earning the 65.

Mr. SIMON. We thank you very much for your very practical suggestions. You give our greetings to your president.

Mrs. BRYANT. I will.

Mr. SIMON. Thank you very much. Are there any other witnesses now scheduled who are here?

[No response.]

Mr. SIMON. We will take a 5 minute recess.

I am sorry. We do have a witness here. We have Nitza Escalera, the director of the East Harlem College Career and Counseling Center.

We are pleased to have you here. And if I recall correctly, you used to work with the subcommittee.

Ms. ESCALERA. That is right.

Mr. SIMON. We are very pleased to have you here.

STATEMENT OF NITZA ESCALERA, DIRECTOR, EAST HARLEM COLLEGE CAREER AND COUNSELING CENTER

Ms. ESCALERA. Thank you very much. Good morning, Mr. Simon and members of the subcommittee.

Mr. SIMON. You are going to have to pull that mike up very close to you, please, so we can all hear you. What Queens College needs is a course in electrical engineering here.

Ms. ESCALERA. I will try to be brief. I am honored to be before you today in order to testify about H.R. 5240 and in particular on the sections of the bill that deal with TRIO Programs and with student assistance.

As executive director of the East Harlem College and Career Counseling Program, Inc. (EHCCCC), a community-based organization that receives TRIO funds to operate a Talent Search Program, we are particularly enthused with the continued strong direction this legislation places on TRIO Programs to identify students at the earliest possible stage. Presently, legislation for students from a disadvantaged background provides that talent search work with students as early as the sixth grade and for Upward Bound as

early as the eighth grade. It is imperative that we service students as early as possible so that we can provide them with the necessary tools he or she needs to get back on track to avail themselves of educational opportunities.

At EHCCCC, through our talent search grant, through funding received from Stanley Kaplan and through our volunteer tutorial program sponsored by the Harvard Club of New York, we have been able to work with students as early as the second grade. Each year we have increasingly serviced junior high school students identified as potential dropouts by providing one-on-one tutorial assistance and career workshops that focus on self-awareness, values clarification, and instruction on utilization of career resources. This is just one step to addressing the dropout problem in New York City which officially stands at 45 percent for the total high school population and 60 percent for Hispanics as a group.

The other items of the legislation on which I would like to positively comment are the sections that deal with the Pell Grant, Special Services, EOC's, and the short-term training institutes for counselors and teachers. The section where the Secretary of Education is instructed to give preference to special service programs at institutions who have a large minority population and who have also a high dropout rate is right on target. With 57 percent of Hispanic males and 54 percent of Hispanic females failing to graduate from college, it would seem to us that this provision is a step in providing a mechanism to insure that a higher percentage of minority students entering college graduate.

The second area I would like to comment on has to do with the section focusing on Pell Grant. The section that states that a student would be eligible for grants during the first year of graduate or professional school would do much to increase the enrollment of minorities at the professional schools. Presently, the average enrollment rate for minorities hovers around 2.5 percent, while the white population shows an 82-percent enrollment rate. One of the factors that precludes students enrolling in professional school is the need for financial aid. This financial aid assistance, coupled with the new special services provision will, in my opinion, increase the number of minority college graduates entering professional schools.

The last two items I would like to comment on are the sections that focus on EOC's and on the training of counselors and teachers. In the area of EOC's, I am in complete agreement with the proposed reduction of from 25 percent to 10 percent in matching grants required of EOC's. As director of an agency that has been involved in raising matching funds in order to be eligible for city funds, I know about the difficult climate in the area of fundraising. There has been substantial increase in the number of groups competing for funds from foundations and corporations. And, even though the present administration has encouraged the private sector to increase its support to the nonprofit sector, the literature shows that this has not happened.

The provision that sets up short-term training institutes for counselors and teachers in junior and senior high schools so they can more effectively counsel students in the college admission process is one step toward addressing the needs of educational staff de-

velopment. With recent interest in excellence in education, it is imperative that the individuals dispensing information to students be cognizant in their subject area. One of the many strong points of TRIO is that yearly, TRIO staff receive training on the up-to-date data in the college admissions process. This provision is key if you want to insure that as many students as possible avail themselves of educational opportunities.

I congratulate this committee on a well written piece of legislation.

Mr. SIMON. We thank you very much for your testimony. We will not use this mike for the time being here.

Tell me, the East Harlem—I hate to say it but I don't know as much about New York City as I should. Is East Harlem primarily Hispanic?

Ms. ESCALERA. Yes, it is. It is about 55 percent Hispanic, 45 percent black, and then whites and Asians.

Mr. SIMON. The dropout rate problem is a major problem nationally for Hispanics, and there is a second problem, and that is as you look for Hispanics going to college, a disproportionately high percentage of Hispanics going to the 2-year colleges; they are not moving into the other colleges probably as much as is desirable. Do you think our bill helps in that?

Maybe I should frame it a little differently. Is there anything we can do structurally where a higher education bill will help on that problem?

Ms. ESCALERA. I think some of the things that—I sit on the advisory board of Community College and a number of students I think are attracted to the growth industries areas and the health areas. And I did not mean it completely, but I know you are doing a lot more to expand the cooperative co-op programs at different universities. I do not know for sure whether they are much involved at the 4-year universities, but I think maybe something like that. And I think maybe more intense counseling on the part of counselors at the postsecondary school level would also be helpful. But I think we really need to start talking to students about 4-year colleges, and strong links have to be developed between 2-year colleges and 4-year colleges.

I think maybe that is one piece that might be missing, that 4-year universities need to have a definite mechanism to come into 2-year universities and strongly recruit students. These colleges really need to work hand in hand and really be assertive about it.

Mr. SIMON. Is another factor that the more traditional 4-year colleges and universities have very few Hispanics in the faculty and in the population, so that the Hispanic students might not feel as comfortable as they might? Is that a major factor?

Ms. ESCALERA. I do not think that is a major factor. I think that applies to whether you are in a 2-year situation or a 4-year situation. But it is always good to be able to relate with faculty.

But I think more can be done between the relationships between 2-year colleges and 4-year colleges.

Mr. SIMON. Mr. Ackerman.

Mr. ACKERMAN. Is there a concern at all? At least this is my perception, that the 2-year and community colleges are basically minority institutions whereas the 4-year institutions are not?

Ms. ESCALERA. My personal opinion, I would say yes. And again, that is why I say there has to be a strong effort and an assertive attempt to have a dialog between the 2-year and the 4-year colleges. When I look at the graduate school problems, too, that is another way to provide students with some education, but then there are other barriers.

Mr. ACKERMAN. Thank you.

Mr. SIMON. We thank you very, very much. We thank you not only for your testimony here today but for what you are doing in your work.

Ms. ESCALERA. Well, I enjoy it. Thank you.

Mr. SIMON. Keep it up.

We are lucky to have as our next witness Dr. Irwin Polishook.

STATEMENT OF DR. IRWIN POLISHOOK, PRESIDENT, PROFESSIONAL STAFF CONGRESS, REPRESENTATING AMERICAN FEDERATION OF TEACHERS

Dr. POLISHOOK. Mr. Chairman, I am Dr. Irwin Polishook, president of the Professional Staff Congress. I am representing here, today, the American Federation of Teachers. The AFT welcomes the opportunity to testify on issues confronting higher education and, more particularly, H.R. 5240, a bill to reauthorize the Higher Education Act. The AFT recognizes the continuing efforts of the subcommittee and its very able chairman to improve the Federal Government's role in higher education.

H.R. 5240 addresses many areas of critical need in higher education. The AFT embraces the bill's objective to expand access for needy students, to simplify student aid programs, to enhance the quality of higher education, and to assist in institutional growth. I believe the proposed legislation would go a long way to achieve these goals. Of particular interest to the AFT is title V; that part of the bill dealing with teacher preparation.

The AFT regretted the loss of previous Federal teacher training programs, particularly the Teacher Center Program. Teacher centers, as encouraged by the Federal Government, were among the most effective inservice programs for teachers yet devised. They allowed the sharing of valuable teaching skills, on a teacher-to-teacher basis in a nonthreatening environment. Teacher centers helped institutionalize the type of sharing which often occurs informally in the schools and is so important to effective teaching. For this reason, the AFT welcomes the development of "professional development resource centers" with the active participation of teachers and their representatives.

The Carl A. Perkins Scholarship Program, part A under title V, not only recognizes an outstanding leader in education, it offers a means to attracting high quality students to the ranks of teaching. The National Commission on Excellence in Education has illuminated the fact that teaching as a career is not attracting enough academically able students. It is common knowledge that in recent years the test scores of prospective teachers have been significantly below those of former teacher education students.

The AFT believes that improved salaries, better working conditions, increased professional responsibilities, and reasonable job se-

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curity, along with other improvements, will be necessary to attract and retain good teachers. However, there must also be efforts to bring out most talented students into teaching. Other measures taken to improve education such as improved curriculum, mean little without better teachers. Albert Shanker, president of the AFT, has spoken of the need for a program: similar to ROTC to provide federally funded college scholarships for bright high school graduates who agree to teach for a number of years. The Carl D. Perkins Scholarship Program would respond to this need.

Although it would not affect a significant number of teachers, at two per congressional district, part B, the Talented Teacher Fellowships Program would provide opportunities for professional growth and innovative activities. However, I question whether participants in the program, who must have their fellowship plans reviewed by local school district authorities should in all cases be required to return to the same school district for a full 2 years.

The AFT would welcome the establishment of summer institutes and workshops under part C to upgrade educators in elementary and secondary schools in subject areas, teaching skills, and in other ways. Likewise, the AFT would welcome the professional development program under part D of title V. This program could provide much-needed improvements in teaching and school administration. Of particular interest to the AFT is the establishment of resource centers with the active participation of elementary and secondary teachers. However, as long as any appropriation part D must await a full appropriation for part C, it is doubtful the program will be adequately funded.

Part E, assistance to schools, colleges or departments of education, would provide valuable incentives for such institutions to upgrade faculty and programs and to establish cooperative relationships with elementary and secondary schools. The AFT believes that such cooperative relations will be valuable sources of research and innovation.

Part F addresses a need for greater understanding of methods of evaluating teacher performance. The AFT must emphasize that programs of teacher evaluation must be associated with meaningful opportunities for staff development and in-service programs. The appropriate use of teacher evaluation is helping teachers improve their effectiveness in the classroom.

Title IV for H.R. 5240 deals with student financial assistance. The AFT strongly supports the concept of making Pell Grants an entitlement program. The AFT supports a significant increase in the maximum allowable Pell Grant award and support moving substantially above the "half-cost" provision. Such as increase is necessary to better serve low- and middle-income students and to serve the purposes of the grant program. Low- and middle-income students also will be better served by measures in the bill to simplify the student assistance program. Minimizing redtape will improve student access to the program and therefore to higher education.

In general, the bill that we are addressing today deals in concrete terms with many of the issues in what I would call the tidal wave of reports about what should be done for aid to education. We believe this bill is what the Government should be doing to improve education, if the Government was listening not only to its

own commission but to all the other commissions that have made recent reports.

In conclusion, may I say that the AFT looks forward to working with the chairman and members of the subcommittee on reauthorization of the Higher Education Act, and I will be happy to answer any questions from the committee. Thank you.

Mr. SIMON. We thank you very much for your testimony. I like your phrase, "the tidal wave of reports that has innundated us." Clearly, just a general question, I guess a leading question: with this tidal wave of reports you are talking about, that clearly suggests action and leadership upon the part of the Federal Government. One of the criticisms that is being made of this legislation that is before us is, we are going to be spending too much money in this area. How do you respond to that criticism?

Dr. POLISHOOK. Well, if the reports all direct our attention to inadequacies of education in the United States and bring our attention to a critical phase in the history of the country tied into the failures of education, it seems to me there has to be significant improvement in funding the program and significant leadership by the Federal Government, if we are to address those problems. I point just to the President's own commission appointed by the President of the United States, which made recommendations to him that did not follow the major lines of his own problem initiatives and called in fact for an upgrading both of the fundamental programs in education but also of a Federal initiative and greater Federal funding.

So the nature of these reports, as you read them, is not only criticism, it also has a counterpart of improvement, and that improvement calls for leadership. And I think we should applaud the committee's initiative, not only for calling for greater funding to meet a critical need, but also the initiative for creating new programs to improve the Higher Education Act.

Mr. SIMON. You mentioned the requirement—what did you call it again—the outstanding teacher program.

Dr. POLISHOOK. Talented teacher fellowship.

Mr. SIMON. Yes. The reason for putting the 2-year requirement in is, it is so that you do not acknowledge an outstanding teacher and have that teacher approved and move from a school district in Arkansas where they really need help to suburban Cook County, which has an outstanding school system where they really do not need the help like that rural school district in Arkansas or an inner-city school district in New York City or Chicago.

What you suggest is the possibility of shortening the requirement. What do you think that requirement ought to be?

Dr. POLISHOOK. Well, this is similar to an experience with a program we have in many institutions of higher learning in the United States. There are fellowship and sabbatical programs where professors are permitted for a period of a year, and in some cases more and in some cases less, to take time away from their normal classroom activity to either engage in research or a variety of other professional concerns. And the normal requirement is similar to this proposal, to have them come back for a minimum of a year to the institution that provided the fellowship or the sabbatical, or whatever the program might be. It is our position, based on that

experience, that there are instances in which there would be a constraint and a loss in terms of what the Government is providing for an individual teacher to require that or to compel that, particularly for a 2-year period, in this case.

There may be reasons that serve good public purposes for people who have been successful teachers and having availed themselves of the opportunity in this program to go on to other professional opportunities, whatever they might be. That is why we say the constraint here compelling the person to come back for a 2-year period, while we understand it and it has its reasons, might be too restrictive.

We would suggest either consideration of a shorter period, possibly a year, or alternatively, and/or I should say, possibly consideration of some form of waiver of the requirement, if a particular public purpose might be served by a person not coming back to their district.

In fact, someone who has availed themselves to this opportunity might, under favorable circumstances, be picked up by a congressional committee to serve their own interests, which would be I think a much wider forum of public service than going back to the classroom. In our experience with college professors, these are not normally people who do not want to go back to teaching, back to their institutions, but people whose particular skill, already recognized, should have a wider area in terms of contribution.

Mr. SIMON. Mr. Ackerman.

Mr. ACKERMAN. I just want to add my personal thanks to Irwin for his expert testimony; and on top of that, for responding to us so quickly to our call. We were running a little short on time and you got here in such a quick fashion and we do appreciate it.

Dr. POLISHOOK. Typical of New York, the biggest problem in getting here is parking and traffic.

Mr. SIMON. We thank you not only for your testimony but for what you are doing in this field.

Dr. POLISHOOK. Thank you.

Mr. SIMON. We will now take a recess for lunch and return at 12:30.

[Luncheon Recess.]

Mr. SIMON. The subcommittee will resume its hearing. We are pleased to have joining us our colleague from New York, Representative Major Owens, and we will welcome you to the subcommittee.

Our final witness before hearing the panel of presidents is Melvin Lowe, the chairman of the University Student Center from the City University of New York. We are pleased to have you with us here today.

STATEMENT OF MELVIN LOWE, CHAIRMAN, UNIVERSITY STUDENT CENTER, CITY UNIVERSITY OF NEW YORK

Mr. LOWE. I thank you for this opportunity to comment on the reauthorization of the Federal Higher Education Act. I am Melvin Lowe, chairman of the University Student Senate. In this capacity I represent the 180,000 students of the City University of New York. It is on their behalf that I make this statement. I will con-

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centrate on the student's point of view and leave the facts and figures for the many experts that will testify before you.

First let me say that I am living proof of the positive effects of Federal financial aid to students. I am currently a junior at Hunter College campus of the City University. I am able to attend college because of a State and Federal financial aid package. I, and students like myself, are grateful for these programs.

Yet CUNY students need more because we are different. Discard the image of a 19-year-old from a family of four. The average CUNY student is over 25 years of age and can be classified as low- to middle-income. Fifty-four percent of the population is minority and sixty-one percent of the graduates are women. A significant number of students require extensive support services. For many CUNY students, they are the first from their families to attend college. For even more, attending CUNY is their only opportunity to end the cycle of poverty.

Tuition increases and shifts in Federal and State aid policies make it more difficult and cause alarming drops in enrollment. For our students, adequate financial aid is crucial. Although CUNY is the largest recipient, nationally, of Pell Grants with a total of 80,000 awards, programs as they stand do not totally cover the expenses most students face. As a result of this gap, many who are interested no longer have the option of higher education and those that do are taking on unmanageable debts. For us reauthorization is vitally important. Today, as when it was established in 1965, the Higher Education Act is designed to promote opportunity and access. The new proposals before us will help to update the original structure to the reality of the current high costs of higher education.

Students are happy to see the recommendation that Pell become an entitlement program. We hope this results in practice that every student that is eligible will receive awards. We are pleased that the maximum award will be raised from $1,900 to $3,000 and we hope that raising the ceiling for income eligibility to $40,000 will assist those from the middle class. However, students are still leery of financial formulas that lower maximum awards such as the half-cost provision and the unreasonable living allowance category. Most distressing is the possible imposition of a 5 year limit on Pell Grant eligibility that directly affects CUNY students who normally finish their programs in a period of 5 to 7 years.

Students look with great anticipation to the rulings because our futures depend upon it. Unless students have the opportunity for adequate financial aid, they will not be in a position to prepare themselves to make a contribution to the future of this country.

Thank you, Mr. Chairman. I will be glad to answer any questions at this time.

Mr. SIMON. We thank you very much and we appreciate your being here. Let me just add that what the students have done, represented through you here, is to take a real interest in legislation. And when we passed the bill, there was no question that students played a very important lobbying role and a role in what the final outcome would be. You mentioned the limitation on Pell Grant eligibility. This was set out in part so that we do not have people who

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are just in a sense continuously students, but who are not making satisfactory progress so that we have some kind of a limitation.

Do you have any suggestions as to how we get around that problem?

Mr. LOWE. What happens in the city university, as I stated, students are there longer because of working, they have to work, and it is not a normal process whereas they go to college for just the straight 4 years. It usually take's them longer.

Right now I will not have a recommendation but we are really concerned about it and we hope that you would look into it, because what happens is that after the Pell awards are finished, then students usually have to drop out because there is no more money. So that is top priority on our list.

Mr. SIMON. Mr. Ackerman? Before I introduce Mr. Ackerman, I have to say that he took us to a deli in Queens here for a sandwich—what was the name of it?

Mr. ACKERMAN. Ben's Deli on Queens Boulevard.

Mr. SIMON. Ben's Deli on Queens Boulevard. Make sure we have that in the record.

Mr. ACKERMAN. I just wanted to say that despite the commercial plug, we did pay for the bill.

I also want to thank you for the fine work that you are doing as a student advocate here in the City of New York, and your work is certainly well-known to me and the members of the subcommittee. We want to congratulate you and thank you again for your participation.

Mr. SIMON. Mr. Owens.

Mr. OWENS. I wondered if you had any facts or statistics on how many students take several years?

Mr. LOWE. I do not have any facts, but maybe the chancellor does. I would not have those facts now.

Mr. OWENS. Thank you.

Mr. LOWE. We have registered close to 25,000 students with our voter registration cards, so that is something that I would like to put on the record, that we are getting actively involved and we like to get involved in the political process and elect people like yourselves who are looking out for education and making education a priority.

Mr. OWENS. I did not ask you that question, but I thank you for the information.

Mr. SIMON. Spread the word on that last item to the State of Illinois.

Now, we will have our panel composed of Chancellor Joseph Murphy of the City University of New York; Joseph Sciame, representing St. John's University; Dr. Saul Cohen, president of Queens College, Dr. Walter Hartung, president of the Academy of Aeronautics; James Whelan, president of Ithaca College, and Dr. Donald Scherl, president of Downstate Medical College.

I do not know if you are all here or not, but if you will just get yourselves around the table and we will pass the mike from one to the other. We will have the others add to the panel as they arrive.

Chancellor Murphy, we are happy to have you as a witness once again.

STATEMENT OF DR. JOSEPH MURPHY, CHANCELLOR, CITY UNIVERSITY OF NEW YORK

Dr. MURPHY. Thank you, Mr. Chairman. My distinguished colleagues, Melvin Lowe was asked a question and I would like a chance to respond to that. As a consequence of a study that we just made.

Mr. SIMON. Your mike is not working. Please try to speak up louder.

Dr. MURPHY. We discovered recently that only 11 percent of our students complete a bachelor's degree in 4 years. We followed that class through over an 8-year period and discovered that after 8 years, 62 percent of them completed their bachelor's degrees, which was even higher than the national average. It indicated two things to us, rather eloquent piece of data: One, the enormous amount of courage and sacrifice our students demonstrate in getting a bachelor's degree, because it does take them so much longer; and, second, and for vast numbers of them other than the City University of New York, there would be no opportunity for education.

Mr. SIMON. Are these full time students or mostly part time?

Dr. MURPHY. Both. The comparison is almost impossible to describe. That, by the way, is a number that has been consistent in the City University and prior to that City College since 1847.

Mr. ACKERMAN. I just must add that it took me 5 years, but I stuck to it.

Dr. MURPHY. I have submitted testimony and will read only selected paragraphs.

Thank you for this opportunity to testify on the reauthorization of the Higher Education Act. This act provides more than $160 million to the City University, almost all of which is in the form of student aid. About two-thirds of our students rely on Federal aid to meet the costs of attending college.

Those costs are considerable. CUNY's tuition is $1,225 a year, higher than most public colleges, and there are constant pressures to increase it. Our students also face nontuition attendance costs ranging from $2,800 to $6,000 a year. This is an extremely heavy load to impose on a student body that is anything but affluent; more than half our students come from families with incomes below $12,000; more than 40 percent have incomes below $9,000.

I am convinced that today's Federal student aid structure is not as healthy as it should be. The original intention behind the student aid programs has been undermined over the last 12 years. In rewriting the law, Congress needs to bring the reality of these programs into line with their basic purpose.

The bill you recently introduced is a serious and inventive attempt to accomplish this aim.

ORIGINAL STUDENT AID PURPOSES UNDERMINED

Today's Federal student aid structure dates from 1972. Then, Pell Grants were seen as a basic foundation of aid that, coupled with an appropriate family contribution, would be enough to allow even the neediest student to attend a local public college or community college, at the same time, Congress recognized that a financial gap would remain in many cases, especially at high-cost pri-

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vate colleges. Thus, the law included a second-tier system of grants, loans and work study to guarantee access and provide some measure of choice, allowing students to pick colleges best suited to their aspirations.

Although the reality was never this simple, it was common to speak of student aid as follows: Pell Grants for access; the other programs for choice. Pell Grants as a voucher, an entitlement; the other programs as a second tier of support.

That basic concept made sense then, and makes sense now. The problem is that today's reality is far out of line with the original program purpose. There are a number of reasons for this.

The most important reason, of course, is funding. The situation is clear; college costs have gone up rapidly over the last 12 years, while student and funding has risen much more slowly, and sometimes slipped backward.

As a result, the purchasing power of student aid has declined and the concept of Pell Grants as an access program has gone by the boards. In 1979, for example, the maximum Pell Grant covered about 46 percent of average college costs; now, it only covers 31 percent, a 15 percent decline.

Plainly, students of modest means cannot make up that big a decline with their own resources. Increasingly, they have faced the unwelcome dilemma of either dropping out of school or taking a guaranteed bank loan. Most people chose the loans, and, as a consequence, guaranteed loan volume has gone through the roof and students everywhere are assuming unmanageable debts, with predictable social costs and runaway default rates.

Clearly, this is not what Congress had in mind when the student aid structure was conceived. At the same time, low student aid budgets have kept in effect two legal provisions that undermine the voucher like quality of Pell Grants. One is the so-called half-cost rule and the other is the Pell Grant commuter allowance. Both these provisions would have been modified or eliminated with more student aid funding.

Under the half-cost rule, a student entitled to a $1,900 Pell Grant can get the full $1,900 if he or she goes to a high-cost school, but can get no more than $1,600 if he or she wants to attend the City University of New York. This is because the Government says the cost of attending CUNY cannot be more than $3,200, and the grant cannot exceed half the cost.

Under the commuter provisions, students who live in college dormitories can use their actual room and board expenses in computing their Pell Grants, but students who live offcampus have to accept a Government-approved expense allowance that is unreasonably low. Last year, this subcommittee took the lead in raising the commuter allowance, for which we are grateful, but even with this increase, the allowance is between $1,300 and $4,000 less than actual expenses at City University.

The effect of the half-cost provision is to provide a larger Federal subsidy to high-cost colleges than low-cost colleges, and to encourage all colleges to raise their tuition. The effect of the commuter allowance is to give preferential treatment to dormitory students in computing student aid grants. It seems to me that these effects are contrary to the basis purpose of Pell Grants, which is to help

students, not institutions, and therefore, to treat students in the same financial circumstances equally.

What we need is a renewed commitment to the principles Congress tried to enunciate in 1972. We need to get back to the concept of Pell Grants as a basic access program, with a second tier of programs to cover any remaining gap.

The Pell Grant formula embodied in your bill is clearly an attempt to move in this direction. It would make Pell Grants an entitlement. It would provide $3,000 a year to students eligible for the maximum grant. This would be a large step toward fulfilling the program's basic mission, and you deserve great credit for this initiative.

I must note, however, that there is one important way in which the Pell Grant proposal fails to fulfill its potential, namely, the formula for computing grants, which, in several respects, would perpetuate the unfair treatment of students at low-cost colleges.

The computation formula has two parts. The first part lets the student count three-quarters of his or her tuition and books toward the grant. The problem with this provision, like the half-cost provision I described earlier, is that it would provide a differential subsidy to high-cost colleges.

The second part of the formula counts a living cost allowance toward the Pell Grant. The problem here is that the proposed allowance falls far short of actual living costs. For example, the formula would only cover between one-quarter and one-half of the costs faced by students at my university.

The low-living allowance would not prevent students at high-tuition schools from getting the maximum Pell Grant; but students at institutions like mine would lose out. For example, the formula would take between $200 and $600 off the top grant for students at the City University. This disparity would get worse each year, as the maximum grant rises with inflation but the living allowance remains frozen.

Mr. Chairman, I urge you and the subcommittee to change the computation formula to reflect your commitment to educational access. Preferably, you should make Pell Grants a true, tuition-blind voucher, just as you would make the program an entitlement. I understand that this approach was taken in an earlier draft of the reauthorization proposal.

If, however, you want to retain the basic formula in this bill, I urge you to return to another idea put forward in earlier proposals, the idea of a $2,000 across-the-board living allowance, adjustable for inflation. Although students at the City University would receive somewhat less than the maximum grant under this proposal, it is much fairer and simpler than the formula put forward now.

I also recommend that you take another look at the idea of imposing a 5-year limit on Pell Grant eligibility. In dealing with the underprepared or nontraditional student, a year or two of remedial work is often necessary to bring academic skills up to par; over half the students at the City University fall into this category. This type of remedial work has always been accepted for Pell Grant support.

Imposing an eligibility time limit would cut off students who have been through remedial programs just as they are about to

complete their baccalureates. In other words, the provision would affect the students who have come furthest, the ones who are just about to reach their academic goals. This seems contrary to the general thrust of your proposal, and should be reconsidered.

To sum up, I think a number of changes in your Pell Grant package are needed to enhance its effectiveness, but, at the same time, the overall thrust of your proposal would be a great improvement over the current state of affairs.

I am also interested in another element of your student aid proposal, the idea of consolidating a number of student aid programs into a new block grant.

The City University would welcome the flexibility that a block grant offers. We believe that moving from a State-based distribution formula to a need-based formula is the only fair thing to do in a time of limited resources. Again, some details of the proposal may need ironing out. For example, I am concerned about requiring an institutional match for grants made under the block grant program. The fact is that some schools are not in a position to meet a new matching requirement, and the schools least equipped to meet the requirement may be the very ones whose students need grants most. I hope you will reconsider this provision, but, overall, the block grant concept has promise.

I want to briefly note and commend your bill for providing new visibility and funding for other programs which provide essential services to our students: programs like TRIO and graduate fellowships. These programs play an important role in helping the City University fulfill its special education mission, and it is good to see them enhanced.

Finally, as the programs covered by the Higher Education Act are of great concern to us, I have agreed to chair a new National Pell Grant Coalition, which will be formally announced shortly.

The coalition will involve about 20 national education groups, student groups, labor, civil rights, and ethnic groups. Our goal is to push for a higher Pell Grant budget and remove some of the program impediments I described earlier. We hope to bring national focus and publicity to the Pell Grant Program, and stimulate the development of State coalitions that will promote Pell Grants with their own Congressmen and Senators. I am very excited about the prospects for this effort, which, I believe, will supplement many of your own activities.

For the people who need Pell Grants, Federal aid can be the difference between college and no college. Three-fourths of Pell Grant recipients come from families with incomes below $15,000. Over 40 percent are self-supporting, about one-third are minorities.

In reauthorizing the Higher Education Act, I hope the subcommittee will focus on providing an adequate level of aid, a predictable level of aid, and a sensible structure of aid. There are a number of ways these goals could be achieved, but the bill you have put forward, Mr. Chairman, with some alterations, would go a long way toward accomplishing these aims.

Thank you very much.

Mr. SIMON. Thank you for your excellent testimony.

Our next panel member is Joseph Sciame, vice president for financial aid at St. John's University. We are glad to have you here today.

STATEMENT OF JOSEPH SCIAME, ON BEHALF OF ST. JOHN'S UNIVERSITY

Mr. SCIAME. I am representing today, Congressman, our president who, unfortunately, must be at our other campus. We are being visited by our new archbishop and the university is officially greeting him on campus at this point.

Permit me to take this opportunity at welcoming each of you to the very diversified and every-growing borough of Queens, NY. St. John's University has been and continues to be a part of this complex and urban county with a unique ability at offering a quality private higher education at a reasonable cost to the student consumer.

Since 1870 when St. John's University was founded by the Congregation of the Mission, better known as the Vincentian Fathers, our institution of higher education has continued to grow in numbers and welcome into its halls needy students. In fact at our groundbreaking ceremony in 1868, Governor Lowe of Maryland, hailed St. John's as "* * * a college, for the education of * * * youth * * * without distinction of religious belief, political opinion, or social condition * * *." Today St. John's boasts of a dual-campus operation, one in Queens and the other on Staten Island. Our overall enrollment this academic year exceeds 19,250 and includes students in seven undergraduate colleges with four graduate schools and division and a school of law. The graduates of St. John's University have entered every field of endeavor and have been recognized for their contributions to our society by their dedication and high moral standards learned while at the university during their course of study which includes theology and philosophy course requirements.

The education of our graduates could not have been accomplished at such reasonable tuition rates were it not for the sacrificing efforts of our religious, the priests who administer our university. The education of our graduates could certainly not have been accomplished without the dedication of faculty, administrators and staff who earnestly believe in what we do, the education of the whole student in body, mind and heart.

As a private institution of higher education with long standing Roman Catholic traditions, the university does not receive any direct subsidy from Federal or State supported funds. Therefore, St. John's University has been an early supporter and proponent of Federal funds under the title IV programs which are available currently to eligible students in order to attend the college of their choice. Since 1958, the university has participated in all campus-based programs of financial assistance, the least important program which has not been the National Direct Student Loan Program. It has been gratifying over the years to have returning students bear witness to the extent to which this one loan program has assisted them in meeting their student budgetary expenses.

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While the dedication of religious, faculty, staff and the self-initiative of students has been praiseworthy, it has been the actual dollars which have been recieved by students through Federal aid programs that has made choice and access possible for students. I might take this opportunity to point out that we are most grateful in New York State for the presence of the tuition assistance program, TAP, a State grant program geared to students with parental net taxable income of under $25,000. Last year 1982-83, some 7,000 university enrollees received TAP thereby attesting to the serious family income needs of our students.

The university has been able through its own diversified academic programs to challenge the minds of students, but it has been the financial support received from Federal and State sources of assistance that has made it all a reality. In a time of continuing spiraling tuition costs, St. John's University has been able to maintain a reasonable rate for students.

I also wish to point out that in the same academic year, 1982-83, the university provided $6, million of its own tuition funds to needy and qualified students.

Again, this has been no easy task and at the same time the needs of students in qualifying for available resources is ever present. In 1981-83, the financial aids received by St. John's students hit an all time high of $36, million for some 13,000 students. However, rest assured this could never be enough were it not for the sacrifices of parents and students who work diligently in meeting their respective expenses. Over 75 percent of our students are employed after school hours in order to meet expenses for a totally commuter-based university at both campuses.

While we boast of our proximity to Manhattan for the purposes of job availability, we are also realistic in that there are never sufficient positions for part-time student workers who are pursuing full-time study. The challenge of meeting one's student budget at St. John's University is exacerbated when one reviews the family size, diverse cultural backgrounds, and complicated family situations of our students. The ongoing witness to the increased numbers of one parent families causes us great concern.

There are many days in the operation of an Office of Financial Aid, such as St. John's, when one wonders how to possibly meet the needs of 9,920 student applicants, as was the case last year. Permit me to emphasize that there is no way to meet those needs. Our present day system of financial aid programs is purely a rationing device and all one can hope for is that those who qualify receive as much as needed in order to accomplish their education goals.

As we review the contents of the fiscal year 1985 budget recommendations and legislative proposals, and legislation reauthorizing the Higher Education Act of 1965, we naturally applaud the past Federal efforts and look toward the future with much hope.

And we wish to focus in on three areas: We are extremely supportive of the concept of substantially increasing the Pell Grant awards commencing with the maximum of $3,000 in the 1985-86 academic year. It has been near impossible at times since the initial year of Pell Grants, previously BEOG, to ascertain early enough as what amount award we could commit ourselves. As the overseer in an area of university administration, which has respon-

sibility for recruitment of students and effective financial aid packaging it is essential to plan ahead for students and their families. I would point out, however, that while we appreciate the Pell Grant Program, we have noted since 1981-82 when we reached an all-time high of recipients of 3,930, that our Pell recipients have declined to 3,479 in 1982-83 and we feel will decline further this year to 3,200. The reason? The assessment rates do not afford needed consideration for moderate- or middle-income families. We urge immediate attention in this area and an early resolution in order to enhance the Pell Program as it was meant to be, an entitlement program.

Second, we are extremely excited and supportive regarding the possibility of providing a Pell Grant for the first year of graduate or professional study since we are affected in two very opposite directions today with enrollment trends. On the one hand, we hear constantly from prospective graduate students who are concerned about taking more loans after graduation and who seek out grant support for graduate study. On the other hand, our law school students, while in abundance in terms of applications and acceptance, have such costly tuitions that they are truly in a financial crunch, and oftentimes dissuaded from attendance. The ability to use the Pell Grant for graduate or professional study even for the first year would certainly alleviate some concern on the part of many students.

We are fully in support of increased loan availability but wish to speak in behalf of the current National Direct Student Loan Program. We recognize that for some in the world of big business and money it is difficult to imagine a loan program at a 5-percent rate of interest. However, this program has been one which involves the triangle of Federal Government, institution, and the student. In many instances, it has been a hidden grant program, sometimes because of its low interest rate, which has helped immeasurably in the packaging of students.

We are in support of a Guaranteed Student Loan Program which provides more flexibility in terms of eligibility. Many students are currently precluded from the program due to income levels, which appear high, but are not in a geographic location such as New York City and the surrounding suburban areas. Therefore, we feel that the adjusted gross income level should be raised from the present $30,000 to $65,000 with a needs test. The maximum loan per year should be raised as soon as possible to at least $3,000 for undergraduate study and at least $7,000 for graduate or professional study.

While there were times in the past when I personally questioned the goodness of recommending increased loan amounts for student borrowers I have also seen what a conscientious debt management program can do at an institution such as at St. John's. For us as professionals to allow increased loan limits appears to me to be reasonable; however, for us as a society not to incorporate or insist upon viable means of debt management counseling would certainly be a violation of our professional integrity. It seems to me we each have a responsibility to ascertain reasonable loan limits within the framework of our work world to which our graduates will enter. That responsibility if seriously taken, will provide access and

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choice to our students through affordable and reasonable loan programs.

While we at St. John's University recognize that there may be new initiatives which can be instituted during the reauthorization period, we wish to also acknowledge the success of the current Federal program configuration of grant, work study, and loan. At times there seems to be a feeling that these Federal programs have been successful but have been difficult to assess in terms of their real value to students and families. Allow me to state that one afternoon at graduation ceremonies at almost any campus in our great country will bear witness to the fact that students and families are not only appreciative but most of them have made it through the educational processes only because of Federal student aid programs.

My personal and professional wish is that we continue as a democratic society with our financial commitment to the educational goals of our society, and that if anything, we do more for students. I feel confident it will be returned a hundredfold by an educated society that will make it a better world for all our tomorrows.

Mr. SIMON. We thank you very much, Mr. Sciame.

Our next panel member is Dr. Saul Cohen, the president of Queens College. We are very pleased to have you here.

STATEMENT OF DR. SAUL COHEN, PRESIDENT, QUEENS COLLEGE

Dr. COHEN. Congressmen, we are very pleased to have you here. My bishop is with me this morning, the chancellor, so I am not going to repeat.

Mr. SIMON. He refers to himself as the pope.

Dr. COHEN. I am not going to repeat what most presentations focused on because I think most of us agree with most of the provisions. I would rather talk about linkage, leverage, and piggybacking.

Now, I am not asking you to rewrite your magnificent statement completely, but I am asking you to think of some issues which have really been chronic in most Federal legislation. Let me start with something that is very close to my own heart, and that is title III of the Black College and Universities Act, which I think very rightfully are projecting as a very specific need which has to be responded to within title III legislation. There is a piece there about the promotion of new academic programs for black colleges.

In various fields, engineering, language, premedicine, et cetera, et cetera. I would like to see that particular piece of title III linked to some other elements in the proposed legislation. When a student graduates from one of the black colleges, from a particular department, a particular department, a particular discipline, I think the issue of trying to create portable scholarships will follow a graduate from a title III—an outstanding graduate—from a title III institution on, let's say, to a graduate national and language studies program in one of the other titles—I guess it is title VI, all of which would tie in a title III program with the merit scholarship program for talented teachers of title V.

So I think that as we zero in on these colleges, we have got to use some of the other programs that we have to identify their better students while they are at those colleges and supporting them directly, or as they move out of those colleges into graduate and professional fields, where we want them to make their mark.

To ask you to rewrite G-Prop (ph.) and I was involved in G-Prop at its very onset, there is one item in G-Prop which I think needs your attention. I believe that G-Prop continues to omit support in the field of education. I think it is assumed that other pieces of legislation will handle G-Prop. And I think the basis for it is that, well, that is and area where minorities and women are already heavily, at least they are more well represented in education than in other areas, true.

But on the other hand, in a city like New York, certainly, our problem is to attract the most talented of minority students in the teaching profession; the best in the ranks. And not simply into the classrooms. That is, not simply into the meritorious teacher grouping. It is also attracting them into leadership positions in research and evaluation. Therefore, I would like to see you reconsider that issue of making some of the G-Prop graduate fellowships available to students who move through this particular route from title III colleges.

I feel rather keen about this. Years ago, back in 1965, I was executive vice president of my own professional association. We had two blacks who had Ph.D.'s in our field. Our problem was to open up our field to black Ph.D.'s. I began to work with black colleges, and this was a time when we could not identify scholarships directly to blacks. So we had to crouch in all types of terms. We came up with a term that said we would provide 3-year fellowships for students from small disadvantaged colleges in the South. Now believe it or not, a few whites crept into that program. But on a 10-year period, we got this through the UCOE, we brought 55 black Ph.D.'s into our field. For a small field that made a difference.

I believe there has to be more of a tie-in of G-Prop to the particular disciplines and involving the associations in bringing consortia of universities which will try to focus on fellowships in those particular fields with their students.

One more item: you have referenced the problem of blacks, you have referenced the problem of Hispanics, and rightfully so. I think we, again in this city, and I am sure it is true on the west coast, have one more minority group which cuts across race and color, and that is new immigrants.

I would like to see a piece in title III, and I know there are no institutions for new immigrants, but typically there are lots of institutions, we are one of them, we have 4,300 students who have come recently from foreign countries. We can use and we do use, as a matter of fact, title III support to try to strengthen our outreach to this particular class.

One final point about linkage and leverage: title V, the merit scholarships. You have that program, 10,000 merit scholarships, and you also talk about a talented teacher fellowship program. I think they are both extremely important. But I would like to see the latter tied to the former. I think it makes more sense to attract bright youngsters into the field of education by giving them merit

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scholarships and then let them exit with portable fellowships, which do not have to spare the $20,000 a year in one contract. A student entering the teaching profession, if that student were given as a fellowship, let's say, $5,000 a year for 4 years, to use that fellowship to keep progressing professionally, you might get a better mileage out of that 10,000 merit scholarships that you are talking about. Otherwise, I think we will go the same route as the NEA fellowships, which were very good for what they did, but never ended up doing what they were supposed to.

If you want to divide that $20,000 into four, you could create roughly 8 fellowships per congressional district, and that would mean what, 3,000 students? So maybe one out of every three graduates of your merit scholarships program might be entitled to the teacher fellowship program.

Well, I do not think I should say any more except to commend you, especially in the arts and sciences. By all means, push very hard for title VIIB, matching grants for lab research and other instructional equipment. It is a crazy world where we pour money into buildings, we are pouring money into fellowships. We do not have the equipment, which is another investment in human resources to keep our students, and I am talking about undergraduate, as well as graduates, competitive with what is going on in the rest of the world. Thank you.

Mr. SIMON. Thank you, Dr. Cohen.

Dr. Walter M. Hartung, president of the Academy cf Aeronautics.

STATEMENT OF GEORGE BRUSH, PRESIDENT, ACADEMY OF AERONAUTICS, LaGUARDIA AIRPORT, QUEENS COUNTY, NEW YORK CITY

Mr. BRUSH. Dr. Hartung is not here. I am George Brush and I am speaking in his place.

Mr. SIMON. We are happy to have you here.

Mr. BRUSH. I am George W. Brush, president of the Academy of Aeronautics located at LaGuardia Airport in Queens County, New York City.

The Academy of Aeronautics is a private college which devotes its entire resources to aeronautical engineering technology education. It is the only school of its kind in this region.

The availability of adequate financial aid is imperative for substantial numbers of young men and women who seek access to private education. Freedom of choice and equal access are critical among the population served in our urban areas such as New York City. Open access is an important element for many low income and minority students who are seeking productive lives in our high technology society. Any diminution in funding is certain to have an adverse impact on open access and equality of opportunity.

Accordingly, the Academy of Aeronautics supports changes in the Higher Education Act which will serve to implement the objectives of freedom of choice and equal access to higher education.

It is essential that the time from application to delivery of funds be held to a realistic minimum. Any needless delays tend to

become serious discouraging factors for the individual student and a cash flow problem for the institutions.

Confusion resulting from funds processing, changes in funding, or administrative delays leads to hardship which too often results in discouragement. Therefore, the legislation should seek to eliminate every potential area of confusion and delay.

With respect to the Guaranteed Student Loan Program, we advocate the definition of independent student as used by the Higher Education Services Corporation in New York State. Students over the age of 22 who claim financial independence should provide documentation to the college financial office for its determination of independence within the Federal guidelines.

It is recommended that the income cap for dependent students be increased to $50,000 with provisions for annual review and adjustment. The cap for independent students appears to be adequate at $30,000 for the 1985-86 year. Again, provisions for annual adjustment would be highly desirable.

The origination fee which was instituted in the face of very high interest rates should be reexamined. The loan limits for junior college students at $2,500 per year appear to be satisfactory, provided the origination fee is removed.

The concept of a lender-of-last-resort is needed to assure those students who have exhausted other financial aid sources of an opportunity to obtain needed funding.

With respect to the Pell Grants, entitlement status is desirable since the number of potential awardees may exceed the congressional appropriation. A funding shortfall can affect significant numbers of needy students.

The Pell Grant amounts appear adequate for 1986 at $2,900 per year, for 1987 and 1988 at $3,000 per year, and for 1989 and 1990 at $3,100 per year. However, projected college costs over this 5-year period can be highly inaccurate since they are based upon considerable speculation. If adequate funding levels are to be achieved, periodic adjustments to current college costs will be required. In the unlikely event that costs are reduced, means can be available for appropriate adjustments in the level of funding.

The importance of Pell Grants to the Academy of Aeronautics student body can be seen in the fact that over 70 percent now benefit from the Pell Program. They have access to this unusual career education largely because grant moneys are available. In the absence of adequate funding, some capable young men and women will be forced into other career areas.

It is important to provide a Pell Grant delivery system that will reduce the period between the application and funding. The availability of a State-level authorization would have significant benefits. In New York State, an authority is already in place through the Higher Education Services Corp.

We recommend further that any reduction in awards caused by reduced fund levels be distributed through a formula which protects the needy students.

Responsibility of the institution for administrating the Pell Program has grown to such an extent that an administrative allowance of $20 per student now appears to be justified.

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The campus-based college work study program rightly is a significant element in the self-help concept. The legislation should assure that the college work study funding is acceptable as the self-help element in each student's financial aid package. Accordingly, we urge that the college work study proposal be funded in full.

In summary, we strongly urge procedures which will streamline the delivery system while retaining the integrity of the eligibility criteria. In significant numbers, students become impatient with unexpected or unusual delays and may withdraw from their educational programs on the basis of this frustration. Clearly, this defeats the purpose of every aspect of the financial aid program.

We appreciate this opportunity to address the subcommittee at this hearing on the Higher Education Act.

Mr. SIMON. Thank you for being here.

Our next witness is James L. Whalen, the president of Ithaca College.

STATEMENT OF JAMES WHALEN, PRESIDENT, ITHACA COLLEGE

Mr. WHALEN. Good morning. I am James J. Whalen, president of Ithaca College, and I am pleased to have this opportunity to testify as chairman of the Federal Relations Committee for the commission on independent colleges and universities in New York State.

The Commission represents 116 nonprofit New York State independent postsecondary institutions which enroll over 405,000 students. New York's independent sector is the largest sector in the country.

I cannot emphasize enough the critical nature of Federal student aid in providing meaningful access and choice for students in our State. Annual prices at independent institutions are as high as $15,000 for undergraduates and $25,000 for medical students. Although these prices sound extremely high, the cost of educating students is almost identical in all sectors; the price to students differs substantially because of State tax subsidies at public institutions.

The recommendation for the 1980 reauthorization of the Federal Higher Education Act promised a lot but gave much less than promised. We are most concerned that an inadequate reauthorization will result in limiting students' choice to low-priced community colleges receiving high local and State-taxpayer subsidies.

The underlying constitutional purpose of Federal aid to students is to provide equality of opportunity. That means students must have available to them the resources for choice so that economic status is not a segregating fact of life.

PELL GRANTS

Unfortunately, the structure of many of our Federal programs serves to limit student choice while ostensibly increasing the accessibility to college. This is especially true of the major Federal program which provides Pell Grants on the basis of need. Pell Grants are insensitive to price differences in the various sectors of higher education. They fail to take into account the major stream of Government support for higher education, which is direct appropriations to governmentally operated public institutions in the States.

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The Federal Pell Grant Program uses a synthetic level of cost of attendance which now totals $3,800, and has no relationship to actual costs. This is especially true in the independent sector where the national average cost of attendance is currently $8,440. In New York State the cost of attendance for students who reside at State university campuses is also above the Pell Grant $3,800 level.

The current Pell Grant distribution formula based on this unrealistic level of costs is effectively defeating the purpose of equalizing higher education opportunity. Low-income students are not receiving equal opportunity. As shown on exhibit 1, a resident student who qualifies for a maximum Pell award presently receives $1,900 whether attending a college where the tuition price is $1,000 or one where the tuition price is $8,000. Similarly, under the reauthorization bill introduced by Congressman Simon, the maximum Pell award would equal $2,975 for a resident student where the tuition price is $1,000. For a resident student where the tuition price is $8,000, the Pell award would be $3,000, only $25 more.

Nationally, the average tuition price in public 2-year institutions averages $621. A commuter student living at home attends a community college charging that tuition and whose family earns less than $14,000 receives $1,075 from a Pell Grant. The same commuter student attending an independent institution where the national tuition price averages $4,627 receives a Pell Grant of $1,900. Thus, while actually facing a price differential of over $4,000, the Pell award differential is only $825.

As shown in exhibit 2, these same commuter students attending 2-year public colleges in fiscal year 1985-86 would receive 91 percent of their total cost of attendance, after the family contribution, from their Pell awards under the proposal by Congressman Simon. If we look down the exhibit to the line for "Guaranteed Student Loans," we see that students attending public institutions will have low-borrowing levels and no unmet need, while students attending independent sector institutions will be borrowing the maximum GSL and still have a substantial unmet need requiring additional indebtedness at higher interest rates.

We believe that Mr. Simon is right in suggesting that the maximum Pell Grant for 1985-86 be raised to at least $3,000. But, in the name of equity, and the encouragement of voluntary integration across our higher education system, we believe that every eligible needy student should receive the same percentage amount of their actual college costs from a Pell Grant. This percentage would be determined by the amount of funds allocated to the program by Congress as a proportion of the gross remaining need of all students eligible for Pell Grants. The cost of attendance should include actual tuition and fee charges and an average allowance for room and board that is reasonable, plus a set amount of approximately $600 for books and personal expenses.

Given the enormous disparity in State funding of public and independent higher education, the Pell Program has unwittingly become an instrument for limiting student choice. This is because Pell's tuition price insensitivity leaves low- and moderate-income students with the unreasonable choice of assuming huge debt burdens if they wish to enroll at an independent institution or no debt if enrolled at a public institution where State and local tax moneys

subsidize tuition price regardless of students' economic circumstance. Given that choice, we are retreating to a de facto segregation in American higher education. And this is happening if we look at the statistics on minority and low-income enrollment in our sector over recent years. Our recommendation for reauthorization would restructure the formula to insure that low-income students not only have access to, but choice of the institution which they feel best meets their higher education needs.

GUARANTEED STUDENT LOANS

The second most important Federal program for students, especially those attending high priced institutions is Guaranteed Student Loans. The average size GSL for students attending independent institutions was $2,264 in 1981-82. Many of our students are now at maximum borrowing level of $2,375, which is the $2,500 nominal GSL maximum loan minus the 5 percent origination fee and a 0.25-percent insurance fee. The necessity for our students to borrow such large sums each year is troubling to all of us, but it is absolutely essential that students willing to borrow should not be barred from that option if it is necessary to attend the college of their choice.

We suggest that loan amounts for undergraduate students be based upon the student's demonstrated need. The GSL maximum should be increased to $4,000 a year with recommended levels set for each class as follows: $3,000 for freshmen, $3,500 for sophomores, $4,000 for juniors and seniors.

We recognize that higher borrowing levels increase the cost of the GSL program. There are several cost-saving measures we recommend to assure that GSL funds are spent wisely and Federal costs held to a minimum:

First, we believe that all Federal student loans should be based on financial need as determined by uniform methodology;

Second, we feel there should be 100-percent validation for all first-time GSL applicants at every institution;

Third, we believe that a tightening of the emancipated student definition is warranted;

Fourth, we believe the Internal Revenue Service should have authorization to withhold tax refunds from students in default on their GSL's. For defaulters not eligible for tax refunds, the amount of their defaulted loan should be added to their Federal tax obligation with appropriate interest penalty.

We are extremely concerned about the maximum income ceiling of $65,000 for GSL's that is contained in Mr. Simon's reauthorization bill.

For a student from a family of five, with an income of $75,000, the current family contribution equals approximately $13,000. Presently, this family does not qualify for a GSL at institutions with costs below $13,000 but may qualify for a GSL of some amount at institutions priced above $13,000. Several institutions have prices over $13,000 now and by 1985-86, the number will be higher. There is no reason why this family that shows financial need at a college costing more than $13,000 should be eliminated from borrowing a need based Guaranteed Student Loan. Families at incomes above

$65,000 may also have more than one child attending college at the same time, resulting in greater financial need.

Setting such an income ceiling will hurt only independent institutions, making it necessary for many upper middle income students to attend the public sector where the cost of educating the student is the same but the price is heavily discounted because of huge State subsidies.

CAMPUS-BASED STUDENT AID PROGRAMS

We recommend that the campus-based student aid programs remain as they are with the improvements in the allocation formulas and increased funding levels.

The three major problems with the current allocation formulas used for distributing the Federal campus-based aid funds are:

First, the State allocation formula.

Second, the flat $3,000 used for all students for living alowance.

Third, independent institutions are required to report 25 percent of their unfunded institutional aid to determine need for these programs. However, public institutions are not required to report 25 percent of their State tax subsidies.

We recommend that these inequities be addressed and that the funds be distributed where the greatest need exists.

We are not in favor of the Institutional Block Grant Program as proposed in Congressman Simon's bill. We have several concerns, but our major concern is with the proposed allocation formulas. The bill proposes that institutions be allocated funds for block grants and college work study based on their total amount of Pell Grant and Guaranteed Student Loan amounts disbursed to students. The difference in price at independent institutions is virtually ignored by this formula. At many income levels, students receive the same Pell award regardless of the price they must pay. Students may also receive the same Guaranteed Loan amounts.

Pell and GSL combined would meet full need at most public colleges. At independent colleges the allocation formula would ignore all unmet need above the proposed combined maximum Pell and GSL level of $5,500. At a $13,000 priced institution this would amount to ignoring $7,500 of financial need for the lowest income students. Since Pell Grants and Guaranteed Student Loan borrowing levels are not sensitive to the real needs of students based on real prices, allocating Federal funds by this formula will distribute them where they are least needed.

To reiterate, we recommend that the campus-based programs remain as they are and that the current allocation formulas are improved and funding levels increased.

GRADUATE STUDENTS

The current financial aid situation for graduate students is extremely discouraging. There is critical need to increase funds for fellowships and student loans. We applaud Congressman Simon's proposal of extending Pell Grants to first-year graduate students, providing they are awarded based on true need at differently priced institutions. New York State's independent sector enrolls over 49,000 full-time students in graduate and professional pro-

grams. This equals over 70 percent of all full-time graduate and professional students enrolled in our State. The one concern we have with the bill is the language which automatically declares first-year graduate students emancipated. From the viewpoint of stabilizing student aid, and insulating it from political exploitation, I believe the Committee would be well advised to review this language. Consider the repercussions of news stories identifying millionaires' children in graduate programs as emancipated students entitled to Pell Grants.

TITLES VI AND VII

We are warmly supportive of titles VI and VII of the Simon bill calling for a national endowment for international education and reconstruction and renovation of academic facilities.

As the president of an institution which has a high commitment to international education, I am especially enthusiastic about title VI.

Title VII is crucial for the continued well-being of academic institutions. The problem of maintaining facilities is a particularly sore subject for independent institutions. We are falling behind in that field because of the extraordinary increases we have been forced to provide for unfunded student aid. The increase in institutional funds to help low- and middle-income students meet our costs has led every budget category at virtually every campus in the independent sector. Therefore, title VII funds combined with adequate and fair funding of Federal student aid would do much to recover the facilities deterioration that we have witnesses over recent years.

We appreciate this opportunity to share with you our concerns. If there are any questions which you have, I will do my best to respond to them.

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EXHIBIT 1

NATIONAL

CURRENT PELL GRANTS 1984-85

Tuition =	1,000	1,500	2,000	2,500	4,000	8,000
PELL $						
Commuters: At home	$1,275	1,525	1,775	1,900	1,900	1,900
Commuters: Off campus Apt.	1,575	1,775	1,900	1,900	1,900	1,900
Resident	1,900	1,900	1,900	1,900	1,900	1,900

PELL GRANTS AS PROPOSED IN CONGRESSMAN SIMON'S REAUTHORIZATION BILL # H.R. 5240

Tuition =	1,000	1,500	2,000	2,500	4,000	8,000
PELL $						
Commuters: At home	$ 2,175	2,550	2,925	3,000	3,000	3,000
Commuters: Off campus Apt.	2,575	2,950	3,000	3,000	3,000	3,000
Resident	2,975	3,000	3,000	3,000	3,000	3,000

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EXHIBIT 2

NATIONAL AVERAGE
FINANCIAL AID AWARD USING
CONGRESSMAN SIMON'S REAUTHORIZATION PROPOSAL
NATIONAL PROJECTED AVERAGE
PRICE - 1985-86

Dependent Student
Family Income,
$0 - $14,000

	2 year public at home with parents	2 year public/off campus/Apt.	4 year public resident	Independent (Private)
Ave. price for Student est. 1985-86	$ 2,832	$4,346	$5,305	$9,485
Family Contribution	300	700	700	700
Pell Grant (five in family)	1,947	2,347	3,000	3,000
Fed. Campus Based-(ave. from current NYS**figures)	7	280	425	600
State (nat'l proj.)	178	178	178	685
Guaranteed Student Loan	-0-	841	1002	2,375(max)
Unmet Need	-0-	-0-	-0-	2,125
TOTAL AID	$2,832	$4,346	$5,305	$7,360

**Similar National figure is not available.
Federal Campus Based average figures are based on current allocation formulas.

Mr. SIMON. Thank you very much, Dr. Whalen. We appreciate all of your testimony. Let me, Dr. Whalen, touch on the block grant recommendations you have made. The reason for the recommendation is that we constantly are hearing about students who fall through the cracks, that institutions need greater flexibility in order to accommodate student aids. The second part of that, and the reason for the formula, and I think, frankly, the formula clearly does need some changing, is that programs have been designed to help needy students. In fact, when we study who we are helping, we are not helping the needy students, we are helping those in middle- and upper middle income brackets. And that clearly is not the intent.

I am desirous of having that flexibility. I am desirous of having great help from the students whom we need to help the most. I would be interested in any further observations you might make on how we could change the formula.

I recognize the problem that the independent institutions face. Are there any suggestions you might have to change the formula so we really do help the needy students but also provide greater, you know, recognize the cost differential here, so that we are not treating your schools unfairly?

Mr. WHALEN. I would say first of all, I realize what that block grant was intended to do, and I appreciate that. We would have some recommendations, I do not know that I could give you a couple off the top of my head today, but I would be glad to give you a few both from the CICU point of view and from the NAIC point of view in Washington. I think we probably could work out some suggestions that you might want to consider.

Mr. SIMON. I would be very much interested in that. And, Mr. Sciame, you mentioned the same line of concern. I would be interested in anything you would propose. I am not saying that we are going to accept it.

Mr. WHALEN. I understand that.

Mr. SIMON. What is proposed, but we also want to move fairly rapidly. We hope that by the end of the month we are going to be in a position to market the bill. So if the two of you could get together with whoever else you are working with to come up with some kind of a formula that can be of assistance, we would appreciate that.

I do not know that I want to shift it away from what the original purposes of helping the needy students is, but I do want to help the needy students at your institutions as well.

Mr. WHALEN. I would be glad to get back to you very quickly on that.

Mr. SIMON. That would be appreciated.

Representing the Academy of Aeronautics, you mentioned something in here that I don't recall having heard before, and that is the need for an administrative allowance for administering the Pell Grant Program. If I can just ask all the witnesses, how much of a chore is this right now? And, frankly, we are trying to keep the bill for this down somewhat and we are already getting a lot of criticism for having a bill that is costing too much.

Mr. BRUSH. I think most schools would respond that if anything has to be cut out, this would be at the top of the priority. It is be-

coming a chore to manage the financial aid aspect of the institution. With a guarantee, all of these other factors entering impact into the financial aid office, it is almost impossible to not increase the staff.

That becomes a chore and problems as far as personnel is concerned. Anything to alleviate this would be helpful.

Mr. SIMON. Any other comments?

Dr. COHEN. From the public sector, we have twice as many people engaged in our—we have twice as many people involved in managing financial aid as we do in academic and psychological counseling. Let me tell you something about the enormous and escalated burden of this issue.

Obviously if we have a choice, an aid program or no aid program, we take the aid program first. But this is a crucial problem I think for all of us. It is not just an independent college problem.

Mr. SIMON. Let us just take your Queens College. You have how many Pell Grant recipients, as a guess?

Dr. COHEN. About 5,500, which is about a third. Our financial aid office has, I believe, what, 13 or 14 in it and we have 6 academic and psychological counselors.

Mr. SIMON. So your school with a $20 per capita would be $165,000?

Dr. COHEN. Right.

Mr. SIMON. I am afraid we are talking about pretty substantial dollars. But anyway, Chancellor, several of you touched on what is the most difficult problem that we face, and that is this 50-percent problem. It is one where the public and nonpublic institutions come up with very different answers. We are frankly going to have a real fight on our hands to pass a bill in these dollar dimensions right now. But the chances move to almost nil if we end up reporting a bill on the floor with the private and public fighting each other.

The Pell Grant Program in theory now, we should be at $2,600, and 70 percent. That was part of the original compromise. We have moved now to $3,000 and 75 percent, feeling that that is in line with the original compromise.

There are obviously a great many people on the public side who think we have compromised too far down, and people in the private side who think we have compromised too far up. Any thoughts that you have on how we effect, or any of you have, on how we effect something that somehow bridges this gap that is here? And we go through this every time we have a reauthorization. It is a very different problem for us.

Dr. MURPHY. May I say two things. First, as a practical matter your compromising strikes us as reasonable. We would like 200 percent, but I am sure that most people in public higher education are governed by the same prudence and reasonable expectations as to what is possible.

General principle has to do with a question that is more basic, that I cannot answer for anybody except obviously for myself, and that is what the appropriate use of public dollars and public resources.

To listen to a referenced made with regard to the plight of the family earning $75,000 a year is discriptive only of the fact that

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one of the reasons that we have so much difficult talking to each other is because we are in two completely different universes. I do not make light of the problems of people earning $75,000, but since it exceeds both my income and my president's income and a lot of other people's income in this room, the issue of plight of such persons is clearly—it bears no relationship to the fact that vast numbers of our students are attending institutions such as ours in usual settings largely throughout the country, in public institutions at enormous personal cost to themselves in order to get an education.

Anything you do to put the resources in the hands of those people who desperately need it the most and for whom no education would be possible without it, to that degree you are mandating, it seems to me, a human principle that a commonwealth has and obligation to provide for those who need it the most.

It is nothing in what I have said that ought not to be sensitive to the fact that private institutions have as much of a right to exist as the public ones, but that public ones are created by the public, they are created by our States and by our Federal Government itself and supported by it. We are not independent institutions in the sense that we can make policies that are different from those that are democratically established public policies.

And since people are on record, although less so today than a decade ago, we can recall the first Higher Education Act, I think Mr. James Flood was the Congressman at that time, from the Subcommittee of Labor and Education, coming to Washington to give testimony. He was also drinking out of a similarly colored and sized cup, if I recall. That principle was established in the middle 1960's. It is closed somewhat. And my argument to you and to the members of the committee and to the rest of our representatives is that I pray and trust the political process.

Mr. WHALEN. I would like to make a comment there, if I might. Joe, I am disappointed, but not surprised on the $75,000 income. I had to include that in my testimony, Congressman, because I think it does make a point.

If the chancellor feels that he can decide what income level should exist for people being allowed to make loans, then obviously we have a disagreement on that. I think you overlooked, Joe, the emphasis of my whole presentation, which was not just access but choice.

I spoke of the very needy students who would not be able to go to our institutions, and that was the reason why we were concerned about the way in which some of the formula was being developed. It is not simply a case, as you well know, of a State university or a city university costing less. It is simply because of the taxpayers' dollars, and I would like the taxpayers' subsidy to be included in it, and that that be a part of any formula because we are trying to serve, and I do believe we serve very well, the poor, the minorities.

We have tried very hard. Our financial aid budget in this last 4 years, 4½ years, has gone from $1.5 million of unfunded aid to $6 million next year. We have something on the order of a $1½ million of that in the educational opportunity programs. So I would simply like to balance it a little bit, if I may, and to say that the majority of what I said today had to do with access and choice and

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needy students and not $75,000, but you have to take that into consideration.

Mr. SIMON. If I can mediate this debate here for a moment, and some of it I agree with both of you in that I think chancellor, you are absolutely correct that we have moved away from that original intent. And that is what we are trying to do with this legislation, is move it back. There is a problem, however, that you touched upon, and the problem has become more severe in the last 3 years, and that is the economic segregation of American higher education.

Wellesley hit the front page of the Times by saying that it was going to admit four children of poor parents to Wellesley. But many other schools have not hit the front pages but in fact have been forced into this kind of situation. I think clearly Congress wants to make sure that the choice is there, and it is not there.

Mr. WHALEN. I agree 200 percent with that. I would like to add that the average family income in SUNY is higher than the average family income in the independent sector. I think that is very interesting. Not in the City University, I hasten to add. I think that is an interesting thing when you are talking about this.

Mr. SIMON. Our colleague who was an alumnus in this school wants to get involved in this dialog here.

Mr. ACKERMAN. This discussion is intriguing to me. I would like to ask a question. If we set aside the argument that the public institutions were established for those who could not afford to go to private institutions, and we accept, those of us in Congress, accept your basic argument that we should be giving out the grants based on an actual percentage of the costs, when we go to the floor philosophically on other issues, like let us say we are talking about food stamps, how do we adopt the same argument? Should we say that we have to give those people who are poor more food stamps money because they want a free choice of steak instead of hamburger? Should we be then giving those people who want to spend more funds because there diets by choice is going to be different?

Mr. WHALEN. I do not sense I have a colleague on that side of the table. But I would respond: That is a tough question, certainly. But let me say something.

We all serve the public. We all serve the public. And I think the independent institutions serve it very well for a very small amount of money. And I would also say that I do believe that under the University of the State of New York, there is some kind of commitment to a dual system. I think we can take a lot of examples about hamburger and steak or $75,000, but I would rather, I guess, try to come to grips with the problem. As you were suggesting a little bit earlier, if we can get away from some of the rhetoric, perhaps, I think my response was mostly to fix the record a bit, Joe, and I could sit here and debate all day, but I am not sure that it is serving anybody's purpose.

Mr. OWENS. May I comment? As a graduate of an independent college maybe I can help you. Would it be better to phrase what you are saying in terms of at the State level, State subsidies should be given to the students as individuals in the same manner as Pell grants are given? Granted that State institutions already exist, but the amount that it costs the State, the average student in a State university, the cost of State subsidy, if that were made available to

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the student instead of to the institution, the student would be free to choose, add that to his Federal subsidy, and he can go where he wants to go.

Mr. WHALEN. Well, I have refrained from that. We have a system, and it is an important system, and Joe's right about that, and we cannot turn it upside down.

Mr. OWENS. I am not sure it would turn it upside down, but merely to create a choice.

Mr. WHALEN. We do need choice as well as access. I think it is tremendously important. And my testimony tries to simply get to the point that if we can be sensitive to the fact that the independent sector and the public sectors cost the same, the pricing is different, because of the tax support given in the State, and therefore Federal programs can be very helpful to us and very helpful in this area.

And I was responding to the $75,000, I think, which I think ignored 95 percent of my expression about trying to have needy students in our institution.

Mr. OWENS. I would just ask a few other questions. One, about the problem of administering the aid program. How does that compare to the cost of fundraising? You spend quite a considerable amount of money raising funds. I do not suppose you spend as much, I imagine the cost of administering your aid program is so infinitessimal.

Dr. COHEN. The administration of our aid program costs us about $350,000 in direct salaries, the administration of our development program, which we pay for from money that we raise, the total cost of about $160,000.

We have a much smaller development office than we have a financial aid office.

Mr. OWENS. Your development produces what percentage of your overall budget versus your aid program?

Dr. COHEN. If you leave out research grants, our development produces only about $1.5 million. Your aid program produces about, what, 6 million is it, or more? I think it is more than that. But you have touched on another issue, Congressman, and that is in the endowment development piece, which is related to what we are talking about, I think it is an excellent idea. I have one modest suggestion. You made it very clear that institutions should receive and award on a one-time only basis. It seems to me that you ought to reward, do an incentive piece in this legislation, to reward an institution which does a particularly good job using that seed money, and you might tie it to an important public aspect. That, as you say, that these endowment moneys are for universities' discretionary purposes.

But if a university does very well using that seed money, if, for example, he uses that endowment for what are clearly publicly valuable purposes such as scholarships, it seems to me that you might leave some proportion of the total amount of money that you have for a second time around for secondary institutions.

Mr. OWENS. The new immigrants program, who are the new immigrants? Can you give me some examples?

Dr. COHEN. New immigrants come from 70 different countries. They come from Latin America, they come from Korea, Vietnam,

China, the Soviet Union, Iran, they come from Greece, they come from Italy, they come from Nigeria, and I could go on and on and on.

Queens has a half a million residents who have come to this country, I would say in the last 10 or 15 years. These are separate from our foreign students, as we have 1,000 card-carrying foreign students. But we have 4,000-plus foreign born-students who graduate the high schools of New York City, come to the college, are talented and motivated students, but do not have the kinds of a grasp of the language which they need to succeed in the way that they can in a college of this sort. And we do not have the kind of targeted funds which could let us address that particular problem.

Dr. MURPHY. This gets magnified throughout the City University of our 180,000 students, 30 percent come from homes in which English is not or was not the original language. And that has not differed very much from the turn of the century, when the two principal languages, other than English, were Yiddish and Italian, and today, 80 years later, it is Spanish and some oriental language. And that percentage roughly has been the same for some 80 years. So that we face certain kinds of structural problems, first generation Americans, in a way no other institution ever faces in the same magnitude. And we could use all kinds of help.

This is the first I hear of Saul's notion. And any moneys that are appropriated for that purpose, not just in terms of English and terms of a second language, but the fact that many of our people come to the city and the boroughs who are seriously damaged because of the language handicap.

The family needs certain types of help, the student needs certain types of help. If the student is older, he often has to work and he often has to work at minimum wage because that is the only job he can find.

Mr. SIMON. It seems to me that what you are talking about there really ties in with another problem that is more than a new immigrant problem, and that is the whole world of functional adult illiteracy. We have tried in the college work-study portion of this to move a little more in that direction. Could we use college work study?

Dr. COHEN. You can use college work-study and FIPSI (ph). For example, we have a FIPSI grant which tries to address the problem of illiteracy among younsters who are in the high school who come to this country within the last year or so. They sit in high school classes because they are placed there because of their age, so they sit in the 9th grade, in the 7th grade, and do not understand a thing, drop out by the 11th grade. Now we have done two things: We have used the FIPSI grant to support our college students who will act as tutors to high school students who are literate and conversant in the home language, who in turn then work with the illiterate students; and we are trying to develop a parenting framework as well. So we are trying eventually to refer parents who are also illiterate to the high school programs for literacy. We could plug the college work-study program into this very well, because nearly everyone of our tutors clearly is eligible for work study, since they are all immigrants themselves. So we find that our problem now is a ceiling on our work-study funds. There was a time

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when work study, when used unimaginatively, you really could not find enough jobs in the college for them, so three students would be sitting at one table. That is no longer the issue, if we work creatively in areas like this.

Mr. SIMON. It seems to me that we ought to be moving beyond the immigrants.

Dr. COHEN. Yes.

Mr. SIMON. One of the things I do in my district, I have open office hours where people come in and say they need a job. I ask the first question,"Can you read and write?" and it is just amazing the number of people, that whenever there is that awkward moment of silence, I know what the answer is going to be. And somehow we ought to be doing something and we ought to be utilizing, if possible, our institutions of higher education to be of assistance on that problem. It seems to me that it ties in with this new immigrant problem that you have testified about.

Mr. ACKERMAN. Out of curiosity, how many students are receiving, either numerically or percentagewise, the maximum Pell Grant in either the private or public sector, if you have those numbers? It might be interesting to look at what percentage of the new Americans there are.

Mr. WHALEN. I will get that information for you in a little bit. Seventy-five percent of students in the independent sector are qualified for financial aid. I can give you that number. So three out of four of the students that are coming to us do qualify for financial aid.

I am sure we have those numbers.

Dr. MURPHY. You asked two questions. You asked one question but you are getting different answers. You did not ask what percentage you are getting from financial aid. I think your percentage is correct, if that was the question. You asked full Pell.

Mr. WHALEN. Yes, I was just trying to say what I knew about the percentage.

Mr. ACKERMAN. Which percentage of the students?

Dr. MURPHY. We have about 55,000 on full Pell, but we have 110,000 on some form of financial aid. It is 50 percent of our full-time students in the senior colleges, and it is higher in community colleges. But we estimate that out of our 180,000 students, a substantial number of them are part-timers which means some of them will qualify for Pell money but none of them will qualify for tuition assistance program money. But out of 180,000, 110,000 get some type of financial aid.

Mr. ACKERMAN. And about half of them get full Pell?

Dr. MURPHY. Yes.

Mr. ACKERMAN. Is there any breakdown available?

Dr. MURPHY. The university has gone from 2 to 12 percent in the last 2 years in the category of oriental students. Saul's percentages here may be even more dramatic than that.

Dr. COHEN. My guess is that it would be significantly higher. What was initially very heavily black and Hispanic is now much broader at this college; roughly a third of those who were coming in are, we think, recently arrived oriental, Greeks, et cetera, and are certainly of Hispanic population, and many of the blacks are also new arrivals.

Mr WHALEN. I cannot give you the specific number for CICU, because I do not have that. We do have it for the total independent sector, $99 million with Pell. That does not help to answer the specific question, however. I am going to say, on our campus where we have 5,000 students, we have pretty much close to 40 percent receiving a full Pell Grant, maybe 50 percent. I am going to go on the lower side because I do not want to find out that I am wrong, but I am pretty sure it is close to that now.

Mr. BRUSH. We have about one-third of 75 five percent.

Mr. ACKERMAN. Seventy-five percent actually getting aid?

Mr. BRUSH. Actually getting Pell; of that amount one-third would be getting a full Pell. We are not mentioning the number of the youngsters who are getting full Pell who come from single-parent homes where the father has died, whatever.

Mr. SCIAME. The number in terms of minority students and foreign students, last year out of an enrollment of 18,900, there were 2,200 minority students, there were 1,000 permanent residents who do not fall into those categories, and there were roughly 1,000 foreign students. So we have the same problems. Queens College may be part of the City University and St. John's may be a private institution, but we compete harmoniously for similar students and we have students with the same kind of financial needs.

The problem is that our tuition now in September will be four times the tuition here, or at least three times. And at the same time, we have students who want to go to both. We think they make the selection that they would like; we try to come up with packages that are attractive.

And I think the bottom line is to provide this diversity. The fact that the private sector, CICU, the Commission on Independent Colleges and Universities must come to the table with CUNY and SUNY. We have to live harmonious in this State. We have over 200 colleges and universities. And let me tell you, the financial aid professionals in this State have tried to maintain all of this in a very nonpolitical way.

When I served as State president, I believe the congressman was a State senator, and we attempted to do whatever we could do to insure that we call could live together. And now it seems to me that the situation has really gotten very precarious and dangerous. And I am fearful of it.

I think St. John's can live together with Queens, and I think Ithaca can live with the State university, provided there are sufficient funds. Although there never have been sufficient funds. But what is in jeopardy right now are the State allotment formulas, the assessment rates.

So we have some very serious concerns out there. We need help and we need some objective, clear, concise thinking from the outside.

We need people in your position who can say that we want to keep everybody living together. It is very confusing for the students, the cost factor. We now have a full-time person administering the Pell Program. He is a professional, assistant to the director, with two additional professionals working half time solely on Pell, a full-time clerk-typist and three student workers; That is to moni-

tor very carefully 3,500 Pell recipients. It does not speak to the point of the entire Federal process, which is very complicated.

When you are sitting with a recent immigrant parent who speaks Spanish or Chinese and who does not understand when you say, "Can you bring in your 1040," and cannot figure out the number, I am beginning to worry about this problem of illiteracy.

We heard a quote that in the year 2000, 40 percent of the people will not be able to read that sign as they leave this room, in terms of occupancy level. That is how bad it will become. Illiteracy is a problem. Our concern is on a day-to-day basis. The problems that are encountered in the financial aid office by the student workers, by the financial aid professionals, in trying to relate one to one, in trying to facilitate this process of filling out forms, instead of having one application they have to fill out their Pell application, their FSS, and then proceed with the TAP application and back and forth to the bank. The process is completely involved. It is huge, it is onerous, it is confusing. And that is one of the reasons that there is no money.

At St. John's last year, what did they give us, roughly $13,000, $14,000. That could never pay for even one professional. So it is a very involved situation in which I think meeting with people such as you have met today and what you are doing across the country, meeting with some parents, I think that is the best way to find out. And also to hear about students who have made it through the cycle.

Last year we had five students who had made it through the system, speak about how they went through the financial aid program and how it helped them to get where they are today, and that is what we have to hear about. Not so much the emphasis on students who are defaulting on loans. What is the true default rate? Is it as high as we hear? Four years ago we asked for the cumulative default rate on GSL's. We reduced our list down to 2 percent.

The initial list had students who had died 4 years ago. And what happens is that the public picks up that kind of information and it just beats down on students. The famous David Susskind question, across the country we hear that students are deadbeats, they do not want to work, they do not pay back their loans. Imagine that being broadcast on national TV in every State. I was fortunate to respond to that question, and it is absolutely erroneous.

Mr. SIMON. If I may just use a couple of phrases from you to lobby. You mentioned what we want to do is to preserve, and we do, there is no question about it. The second thing we want to do is to increase access, and the third is to in some modest way improve quality in part having less dependent on your own resources for student aid. You mentioned you went from $1 to $6 million in student aid. We are improving the quality of the library program, assistance for faculty study abroad.

One of the most ominous things is just the general trend of a declining percentage of faculty members studying abroad, it has to be a terrible thing for the kind of world we are living in.

We have put this program together through a variety of things, but basically increasing the Pell Grant Programs is going to help every one of your schools; GSL is going to help every one of your schools; the block grant should help every one of your schools; if we

can get it in the right kind of shape; the endowment should help every one of your schools.

But we also face a great many people who are resistant to any program: "It is going to cost a few dollars more." CBO estimates, and we are going to be getting more precise estimates very shortly, but they make an assumption that if my bill passes, an additional 500,000 young people are going to go to college. What a tremendous thing. Not a liability to the Nation, but a great asset to the Nation, to have 500,000 more people going to college. And I have to believe that would ultimately be the finest kind of an economic investment we can make; forgetting everything else.

But to get this kind of a program across, we have to have people like the five of you supporting the program. And, No. 2, if it is possible, and I recognize from having been through this before, these agreements usually do not get reached until the last minute and we are trying to put some pieces together in getting some people together quietly to see if we can work out compromises, but it is also essential that we not have too much intramural warfare that prevents passage of something like this.

We really appreciate your testimony, what you are doing. If my colleagues have any final comments?

Mr. ACKERMAN. It is just good to be home again.

Mr. SIMON. We are pleased to be here at your alma mater. Next time I come to Queens College, I expect to see a plaque somewhere here that Gary Ackerman was once a student here.

Mr. ACKERMAN. There is enough graffiti that says that.

Mr. WHALEN. I would just like to add one thing. I am headed now over to chair a meeting of the search committee of the Association of Colleges and Universities in the city of New York, which is a group that has all the city universities and State universities independent sector, and is the organization where we are supposed to meet and come together and discuss issues and try to work things out. My comments today were simply, I guess, to say that I am presently terribly concerned about the limitation of the private sector, because I think it is very valuable, it is valuable for the public sector, and I think that we would like to have more of the minority students have more access and more choice.

And I am just concerned that what has been proposed could move us further in the direction of diminishing that 20 percent of the private sector which exists.

Mr. SIMON. Any specific suggestion you can come up with? Now the one big thing, the 50 percent thing, we are going to have to iron out. But I beyond that, any other specific suggestions you have would be appreciated.

Mr. Owens, you want to add something?

Mr. OWENS. No comment.

Mr. SIMON. We appreciate your being here. Thank you very much.

[Whereupon at 2:45 p.m., the hearing in the above-entitled matter was closed.]

[Material submitted for inclusion in the record follows:]

PREPARED STATEMENT OF SAUL B. COHEN, PRESIDENT OF QUEENS COLLEGE

I would like to put emphasis in this testimony, not on individual parts of the Subcommittee's recommendations, but rather on an overall strategy of linkage and leverage for these recommendations. Certainly if what has been proposed by Congressman Simon and his committee members should be realized, it would represent a major new beginning for higher education. I, therefore, want to take this occasion to commend the document highly.

A major problem with most of the legislation in higher education that stemmed from the Higher Education Act of 1965 was that many fine programs were unrelated to others, and that the effects of individual programs were therefore never maximized. Let me give you some examples of how linkage could take place in the proposed 1985 Act. Recommendations for Title III—The Black College and University Act, call for new academic programs in a wide variety of fields including English, languages, premedical, etc. It is vitally important that means be found to strengthen Black colleges. They are in danger and they need help. But the issue is not only the vitality of the institution; it is also the long-term future of the student whom the institution serves. We must be concerned with what happens to the young Black student when he/she graduates from a Black college. I believe there is an opportunity to use other proposed parts of the act ingeniously. We could provide portable scholarships for graduates from the institutions supported by the Black College and University Act from the proposed Graduate International and Language Studies programs of Title VI. We could also set aside for some students from these Colleges a number of Merit Scholarships for Talented Teachers from Title V.

Moreover, in looking at Title III, it occurs to me that another group worthy of categorical aid, in addition to Blacks and Hispanics, is the new immigrants. At QC for example, we have approximately 4,500 foreign-born students, excellent students who have arrived in this country relatively recently. Their main problem is with the English language. While most have graduated from New York City high schools, their command of the language is, nevertheless, not in keeping with their command of their own native languages, and we lack the supplementary support needed to help them realize their fullest potential. If, as a Title III institution, we could receive categorical support to provide much more intensive work in the English Language Institutes, this important human element in the life of the College and, indeed, New York City and the Country could be justly served.

Another example of linkage and leverage is to be found in Title V. The Merit Scholarship Program for Undergraduates could be tied to the proposed talented Teacher's Fellowship Program. Instead of assigning two Fellowships to experienced teachers from each district, one might take the $20,000 that is proposed for each teacher and provide $5,000 for entering teachers who have been undergraduate Merit Scholars and provide them with supplementary funding to enhance their skills over a number of years. Another example in Title V has to do with the school-college partnership. One could link this partnership to the Merit Scholars and talented teachers by selecting those colleges that train the Merit Scholars to become engaged in school partnerships that include providing the talented teachers with college research opportunities. College-generated mentoring programs could then be fed into the schools at which the former Merit Scholars are now stationed as talented teachers.

I can only underscore the value of what is proposed in Titles VI, VII and VIII. Title VIII in particular, Cooperative Education, supports progams which tie the application of studies to work experiences in a way which can permit liberal arts institutions to remain viable while giving students a sense of vocational and professional direction. We can offer as an example our experience at Queens College in the graduate field of arts and sciences. This is one of the first programs of this type to have been funded by Co-op Ed and we are very pleased with the results to date.

Title IX, the Graduate Fellowship Program is one that continues to warrant support, and the proposed increase in stipends is certainly needed. However, the emphasis on minority fellowships is one which requires not simply the support of individual universities, but also the support of disciplines. In the past there have been a few isolated efforts to target particular disciplines. As chairman of CONPASS (Consortium of Professional Associations), I was involved in programs that were able to target certain fields such as geography and history. This was in the late 1960's and early '70's. We organized consortia of universities which agreed to take minority fellowship recipients within a particular discipline, and to create a network among those universities which helped the minority students to see themselves as part of a broader picture, and indeed to become a force within their disciplines. My own field of geography is a good example. When I became interested in the problem we had

only two black Ph.D.'s. By the mid '70's that number had increased to over 50 as a result of our efforts in targeting minority fellowships which we had succeeded in obtaining from the NSF and the U.S. Office of Education.

Time does not permit me to continue along this vein, but I would strongly urge that before the final legislation for the 1935 Higher Education Act is completed that a very thorough analysis of this leverage-linkage theme is pursued.

THE BICENTENNIAL OF THE BOARD OF REGENTS AND THE UNIVERSITY OF THE STATE OF NEW YORK,
Albany, NY, May 1, 1984.

Hon. PAUL SIMON,
Chairman, U.S. Congress, Committee on Education and Labor, Subcommittee on Postsecondary Education, 320 Cannon House Office Building, Washington, DC.

DEAR CONGRESSMAN SIMON: Donald J. Nolan, our Deputy Commissioner for Higher and Professional Education, was unable to testify at your hearing on April 2, 1984. I am submitting the attached statement for the record on H.R. 5240, the Higher Education Act Amendment of 1984. We find many of the proposals in the bill to be commendable but I am concerned by the absence of a continuing state role in administering several Federal programs and in planning and coordinating postsecondary education.

The New York State Board of Regents and I will continue to review the proposals for HEA reauthorization and assist you in your leadership to reauthorize this act.

Sincerely,

GORDON M. AMBACH.

Attachment.

STATEMENT OF GORDON M. AMBACH, PRESIDENT OF THE UNIVERSITY OF THE STATE OF NEW YORK, AND COMMISSIONER OF EDUCATION

The New York State Education Department appreciates this opportunity to submit a statement on the proposal by Congressman Simon for reauthorization of the Higher Education Act, which contains many elements that we can support strongly. It also contains certain proposals with which we disagree. We need additional time to study some proposals, particularly Titles III and XI, before we comment extensively.

In New York, all educational institutions, public and non-public, elementary, secondary, postsecondary, and cultural, are part of The University of the State of New York. The Regents of The University of the State of New York are New York's educational governing board and set educational policy for the State. The State Education Department is their administrative arm. In February 1984, the Regents issued a comprehensive review of "Federal Legislation and Education in New York State." A copy of that document is appended to this statement. It includes (pages 103–125) a review of the major issues that must be addressed in reauthorization of the Higher Education Act. Our comments in this statement are based on that review.

The basic aims of Congressman Simon's proposal—expanded access and enhanced quality—are laudable. However, a serious flaw in the proposal is that it does not adequately recognize the responsibility of the states to coordinate postsecondary education. Indeed, it would weaken the ability of states to set higher education policy. At the postsecondary level, there must be a strong partnership among institutions of higher education, state higher education agencies, and the Federal government. We do not believe that this proposal fosters that partnership. The Regents believe that Federal higher education programs, other than direct student aid and competitive research grant programs, should aid state higher education agencies to assist colleges and universities in meeting national objectives.

We urge that the Congress give careful consideration to the maintenance of a strong institutional/state/Federal partnership in postsecondary education, and that reauthorization include effective measures to strengthen that partnership.

TITLE I. CONTINUING POSTSECONDARY EDUCATION PROGRAM AND PLANNING

The proposed revision to Title I would embrace efforts to provide education outreach to adults, veterans, the illiterate, and the incarcerated. These all are populations with special needs. To different extents, the states are attempting to address those needs. It might be most effective, therefore, to provide population-based formula grants to state higher education agencies, which would make awards to higher education institutions for the purpose of strengthening and improving efforts to ad-

dress needs. Consideration should be given to coordination of these efforts with related efforts under the Vocational Education Act and the Job Training Partnership Act.

We strongly disagree with the proposal to delete the Education Information Center (EIC) program. In New York, the EIC program has been a clear success. With Federal aid, aid from the Kellogg Foundation, and local resources, we created a network of seven Education Information Centers located in libraries and community-based organizations. Between 1980 and 1983, they served almost 170,000 clients, at an average cost of only $6.51 per person. An evaluation in 1983 of New York's EICs found that most users were adults, 25 or older. Over 20 percent were unemployed and seeking employment or additional education or skill development to improve their job prospects. Sixty percent had incomes below $16,000. Over 90 percent said they found new information at an EIC.

Education Information Centers can be important, and notably cost-efficient, contributors to the maintenance of a well-educated citizenry. Rather than eliminate the program, we strongly urge that it be reauthorized, in a separate part of Title I, to meet the education information needs of 110 million adult Americans.

TITLE II. STRENGTHENING LIBRARY RESOURCES

The proposal would revise programs of suppport for college and research libraries, and for library training and research, in the following ways: (1) Introducing a "needs test" for institutional participation in the Resource Development Grants program (Part A). We have not analyzed the effect of the specific elements proposed and wish to study them further. (2) Emphasizing library use of technology and minority education programs under Training, Research, and Development (Part B). We suppport such emphases. We strongly support reauthorization of the Strengthening Research Library Resources program (Part C). New York has 11 comprehensive research libraries recognized for their contributions to scholarship and research.

TITLE IV. STUDENT FINANCIAL ASSISTANCE

A strong state/Federal/institutional partnership is essential to effective student aid funding and delivery. We recognize that the Federal role in assuring access to postsecondary education is carried out principally through student financial aid programs. Currently, some $16 billion in student aid is provided from Federal, state, institutional, and private sources.

New York has the largest state student aid program in the Nation. In 1982-83, we provided $313.1 million in grants, loans, and scholarships to almost 371,000 students, accounting for about one-third of all funds spent by all the states on the student aid grants. At the same time, students in New York received $323 million in Pell Grants and took out 411,000 Guaranteed Student Loans.

We are concerned about the adequacy of, and interrelationships among, Federal, State, and other sources of student aid. Evidence suggests that the balance among grants, work, and loans in the student aid delivery system may have shifted too far towards loans. This does not mean that we favor further restrictions on the Guaranteed Student Loan program. What it does mean is that possible unmanageable loan burdens are being placed on even our lower income students, who are least able to bear them. If our student aid systems are to work, the balance must be shifted back towards grants and work, so that students need not rely so heavily on loans to meet the costs of attending college beyond the self-help currently expected of students and their families.

Pell grants

We applaud the proposal to restore "entitlement" status to the Pell Grant program. This is essential if the Pell Grant is to continue to function as the Nation's basic student aid program. Restoration of its "entitlement" status is one of the most signficant reforms needed in the Higher Education Act. We also support inclusion in statute of a Master Schedule and specific provisions governing family contribution. These proposed revisions will help to assure that low and middle income families can determine in advance the aid they can count on, and that this aid will be available in a timely manner. We also agree with the proposed statutory definition of an "independent" student.

In addition, the value of the Pell Grant clearly needs attention as do other aspects of the program. The maximum Pell Grant clearly must be increased. Several suggestions also have been made concerning revision of the current percentage of cost limitation, including the proposal by Congressman Simon that it cover up to 75 percent

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of tuition plus an allowance for non-tuition costs. We are not yet ready to recommend any of the suggestions made in this proposal.

College work study

We believe that consideration should be given to the question of whether or not proprietary institutions that are duly authorized to confer degrees by the states in which they are located should be able to use College Work Study funds for on-campus jobs.

Campus based block grant

Congressman Simon proposes to consolidate Supplemental Educational Opportunity Grants (SEOG), National Direct Student Loans (NDSL), and State Student Incentive Grants (SSIG) into a Campus Based Block Grant.

We strongly oppose inclusion of the State Student Incentive Grant program in a compus-based block grant. SSIG is not now a campus-based program; it is a program to encourage states to provide student aid grants. SSIG has had a significant influence on the growth of state student aid programs; therefore, we urge that SSIG not be incorporated into any campus based block grant, but rather that it be reauthorized and enhanced.

Guaranteed student loan program

The Guaranteed Student Loan Program provides a significant amount of financial assistance for students. In response to the changes made in the GSL program by the Education Amendments of 1980, the number of borrowers in New York grew by 20 percent between 1980-81 and 1981-82, and loan volume grew by 30 percent. Following the changes made to GSL by the Postsecondary Student Assistance Amendments of 1981, however, the value of loans made in New York dropped by 15.3 percent between 1981-82 and 1982-83, from $1.137 billion to an estimated $962.8 million (including PLUS and ALAS loans).

We believe that eligibility for Guaranteed Student Loans should not be restricted further. In particular, we oppose the establishment of a needs test for all students regardless of income to establish eligibility for a Guaranteed Student Loan.

We also believe that the income ceiling established in 1981 should be reviewed if it is to be retained. Currently, the $30,000 income ceiling set in 1981 equals an income of only $22,500 in 1980 dollars.

To say that eligibility for Guaranteed Student Loans should not be restricted does not mean that loans are appropriate forms of financing for all students. Students from low or lower-middle income families should receive sufficient aid in the form of grants to assure that they are not overburdened by debt. We urge that Federal student grant programs provide sufficient aid for such students to reverse the current over-reliance on loans.

We support several other provisions of the proposed revision to the Guaranteed Student Loan program, including the concept of a "lender of last resort" in each state and, especially, elimination of the loan origination fee.

Special services for disadvantaged students

The "TRIO" programs authorized in Title IV (Talent Search, Upward Bound, Special Services for the Disadvantaged, Educational Opportunity Centers, and Staff Development) are intended to aid students from disadvantaged backgrounds to attend postsecondary education by providing a variety of outreach and support programs. The concept of a state/Federal/instituitonal partnership strongly suggests that we need a better coordination of state and Federal efforts to provide access to postsecondary education for the disadvantaged, in order to assure that state and Federal resources are used with maximum effectiveness. Provision of an appropriate role for state higher education agencies would be an effective way to assure such coordination.

In reauthorization, Upward Bound should be strengthened and expanded. Once considered a prototype, Upward Bound has proved its effectiveness. There are 18 Upward Bound programs in New York State. It is particularly important to consider the level of Federal support needed to permit Upward Bound's objectives to be widely achieved, and to allow flexibility to states with their own established criteria to define educationally and economically disadvantaged populations.

TITLE V. TEACHER PREPARATION

In New York, the Regents have taken strong steps to assure the quality of elementary and secondary education, including competency test standards for a high school diploma that are the highest in the Nation. To assist schools to meet the

standards expected of them. The State Education Department has adopted an approach to providing services and assistance that concentrates on those schools most in need of it. We are implementing this fall a requirement of entry-level examinations for persons newly seeking certification to teach in New York's public schools. Following a two-year review, the Regents have adopted an Action Plan that aims at strengthening curricula and instruction in elementary and secondary schools.

Obviously, one of the major elements in the quality of schools is an adequate supply of well-qualified teachers. With the exception of mathematics and science teachers, who currently are in short supply, there is today an adequate pool of qualified applicants from which districts can draw to fill vacancies. These conditions will change in the late 80's, however. It is necessary that steps be taken now to ensure that we will be able to meet the anticipated need for new teachers in the late 80's. In addition to that emerging need, there are immediate needs for mathematics and science teachers.

A second, equally significant, need is for staff development to assure that the current teaching force remains up-to-date in knowledge and skills. The limited influx of new teachers over the past several years has meant that schools cannot rely on newly prepared teachers for infusion of new ideas. It is clear that staff development is the single most important factor for improvement in pupil performance.

The Regents position is that Federal funds for educational personnel development should be provided through aid to the states and, in turn, to local districts for both pre-service and in-service training in educational institutions and teacher centers. Further, the Regents have urged that educational research and development funded by the Federal government be conducted cooperatively between Federal agencies and state agencies with demonstrated capacity. Research and development program efforts must link Federal, state, local school, and classroom personnel in a vertical relationship to assure that these efforts will have a direct impact on instruction.

The proposed revisions to Title V attempt to address both pre-service and in-service education needs. We are disappointed, however, that they provide little if any role for the states for whom education is a major responsibility.

We believe that the aid programs proposed for Parts A, B, and C should be operated by the states. Further, it is essential that such programs take into account state-identified areas of need and state priorities derived from pupil needs.

TITLE VI. INTERNATIONAL EDUCATION

We support reauthorization of the International and Foreign Language Studies and Business and International Education programs in Title VI. We also support expansion of faculty study abroad and undergraduate student exchange programs. The decline in language proficiency in recent years comes at a time of increasing interdependence among nations in both the public and private sectors. The decreased emphasis placed on knowledge of foreign languages and cultures in recent years can have an adverse effect on the United States in our ability to remain cognizant of international scientific and technical developments, the effectiveness of our foreign policy, the capability of the public to understand world events fully so that official policies will reflect the interests and concerns of the American people, and the improvement of mutual understanding among different ethnic groups and cultures within American society.

The Regents have taken particular interest in H.R. 2708, the "Foreign Language Assistance for National Security Act." That bill would provide $50 million in grants to state education agencies for model programs to be designed and operated by local education agencies and two-year colleges, postsecondary institutions with more than five percent of their enrollment receiving foreign language instruction, and colleges and universities to conduct intensive language summer institutes for exceptional secondary school students and elementary and secondary school teachers and for study abroad programs for advanced students who are training for professions with a potential international dimension. The Regents are pleased that this bill has been passed by the House of Representatives and urge the Senate to pass it.

TITLE VII. CONSTRUCTION, RECONSTRUCTION, AND RENOVATION OF ACADEMIC FACILITIES

The adequacy of the academic facilities of colleges and universities directly contributes to excellence in postsecondary education. To achieve and maintain excellence, colleges and universities need facilities that are conducive to it, well-maintained and able to accommodate modern equipment and the academic resources needed for their programs of study and research.

At present, Title VII authorizes a program of grants for up to 50 percent of the eligible cost of construction, reconstruction, and renovation of undergraduate aca-

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demic facilities (Part A), and of graduate facilities (Part B). It also authorizes a program of long-term loans, at very low interest, for construction and renovation of academic facilities (Part C). These programs have been valuable to New York's colleges and universities.

The revisions proposed for Title VII would give emphasis to (1) low-interest loans for construction of academic and research facilities, and (2) matching grants for the purchase of laboratory and instructional equipment. State higher education agencies would play no role in those programs.

We believe that a program of Federal grants for facilities replacement, reconstruction, and rehabilitation probably is preferable to a loan program. Some colleges may have debts that are reaching unmanageable levels. While there will continue to be a place for low-interest Federal loans for facilities, for institutions that have difficulty arranging for financing from more conventional sources, a facilities grant program continues to be needed.

In the event that a loan program is authorized rather than a grant program, it is essential that state higher education agency review and comment be required, in order to assure that projects comply with state master plans.

There is an unequestioned need to assure that colleges and universities have up-to-date instructional and research equipment. We support a program to aid acquisition of instructional and research equipment. There is a need for review of proposals by state higher education agencies to assure that projects are consistent with state master plans.

TITLE VIII. COOPERATIVE EDUCATION

We very strongly support expansion of the Cooperative Education program. Such support has consistently been the position of the Regents over several years. During 1982-83, there were 13,665 undergraduates participating in cooperative education programs at 56 postsecondary institutions in New York. In 1982, 33 New York institutions received grants under Title VIII.

TITLE IX. GRADUATE PROGRAMS

Among the most critical issues to be addressed in the area of graduate and professional education is the assurance of access. Ability, rather than personal means, should be the key determinant of access to graduate and professional education; it is essential to avoid a system in which only the relatively wealthy can obtain the advanced academic or professional education needed to teach or to pursue other careers. It is especially important to enhance access for members of minority groups.

At the same time, a balance must be maintained between grants and loans. Many careers that require graduate education, such as teaching, do not promise the incomes necessary to permit repayment of substantial loans, especially if they are added on top of loans for undergraduate study. A 1982 study by Educational Testing Service discovered that almost half of the persons earning Ph. D.'s in the arts and sciences, and over 80 percent of graduates of law schools and medical schools, had "unmanageable" debts.

There is a critical need to restore an appropriate balance between grants and loans for graduate and professional study by providing special incentives to the most promising students and to members of underrepresented minority groups to seek graduate and advanced professional education. For this reason, we strongly support the proposals for reauthorization of the Fellowships for Graduate and Professional Students and the National Graduate Fellowships. The continued health of American society is dependent on the education of the future generations of scholars who will discover and transmit knowledge in the humanities, the social and behavioral sciences, the natural sciences, and the learned professions.

TITLE X. FUND FOR THE IMPROVEMENT OF POSTSECONDARY EDUCATION

Since its creation, we have supported the activities of the Fund for the Improvement of Postsecondary Education. We support the proposed reauthorization.

TITLE XII. ENDOWMENT DEVELOPMENT (PROPOSED)

A new Title XII is proposed to establish an Endowment Development program, authorized at $600 million for each of three years, to provide grants of not less than $100,000 nor more than $500,000 to public and non-profit independent institutions as a contribution toward institutional endowment. No institution would be eligible to receive more than one award. The amount of an institution's award would be

based on its relative need. Up to 2,000 awards would be made in each of the first three years.

We support the concept of the proposed Endowment Development program. There is a sizable number of institutions in New York that could benefit from it. However, the proposal indicates that no restrictions would be placed on the institution's use of the funds. It is intended that the institution could spend the principal. We believe that some restriction on the ability of the institution to spend the principal should be considered. Otherwise, the proposed program would not achieve the objective of developing institutions' financial resources and lessening their needs for Federal aid.

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HEARINGS ON THE REAUTHORIZATION OF THE HIGHER EDUCATION ACT

TUESDAY, APRIL 3, 1984 (MORNING)

HOUSE OF REPRESENTATIVES,
COMMITTEE ON EDUCATION AND LABOR,
SUBCOMMITTEE ON POSTSECONDARY EDUCATION,
Washington, DC.

The subcommittee met, pursuant to call, at 9:45 a.m., in room 2261, Rayburn House Office Building, Hon. Timothy J. Penny (member of the subcommittee) presiding.

Members present: Representatives Penny, Gunderson, and Packard.

Staff present: William A. Blakey, staff director; and John Dean, Republican assistant counsel.

Mr. PENNY. The meeting will come to order. The Subcommittee on Postsecondary Education today continues its hearings on the reauthorization of the Higher Education Act. We have this morning a distinguished group of college and university presidents who will offer their perspectives on the reauthorization and the specific proposals contained in H.R. 5240.

I welcome you here this morning on behalf of Chairman Simon. I apologize for the absence of several members on this side. As you know, there is an election in New York today and our colleague, Mr. Harrison, from Pennsylvania had to debate his primary opponent last night and is unable to be present this morning. Chairman Simon regrets that he cannot join us, but he has indicated that he has most of the testimony and will followup with some questions for several of you at a later time.

I ask unanimous consent that both the chairman's statement and Mr. Harrison's statement be entered in the record at this point. Without objection, that will be done.

[Opening statement of Congressman Paul Simon follows:]

OPENING STATEMENT OF HON. PAUL SIMON, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF ILLINOIS AND CHAIRMAN, SUBCOMMITTEE ON POST SECONDARY EDUCATION

Todays' hearing continues a dialogue we began in Washington last week and continued in St. Louis and New York over the weekend. These Higher Education Reauthorization hearings will address the spectrum of issues related to the appropriate Federal role in higher education, the proper focus of our programmatic effort, and funding commitments to low and middle-income students and to postsecondary institutions.

The Higher Education Act Amendments of 1984 (H.R. 5240) refocuses student financial aid on the neediest student to ensure that the student who could not begin, or would not complete, an education, because of high costs and limited family resources, will have that opportunity.

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H.R. 5240 simplifies student aid programs with one grant, one work and one loan program, along with an institutional block grant program. The student financial aid programs were created by Congress over the last two decades. The purpose was to make funds available to students who had no other way to finance their education. In today's economy with nationwide unemployment at 7.8%, youth unemployment at 19.3% and minority youth unemployment at 43.5%, it is time to refocus these programs to address the need they were created to serve.

I am looking forward to hearing from today's witnesses on the specific and the broad policy questions raised in H.R. 5240.

I am very interested in receiving witnesses comments regarding the proposals in H.R. 5240 that make changes in Federal student financial aid programs, including, making the Pell Grant program an entitlement, merging SEOG, NDSL and SSIG into Institutional Block Grant, the modification of the "half-cost" provision and the "independent student" definition, among other issues.

H.R. 5240 addresses a number of needs of graduate education, including the extension of aid to graduate students. The proposals include a presumption of self-sufficiency (independence) for graduate students, allowing limited graduate student eligibility for Pell Grants, and raising loan limits for guaranteed student loans.

College and universities nationwide are in need of funds to halt the deterioration of America's university research facilities and buildings generally. H.R. 5240 addresses that need for low-income renovation and construction loans and instrumentation grants. Today's witnesses are particularly able to comment on the bills approach to this concern.

[Opening statement of Congressman Timothy Penny follows:]

OPENING STATEMENT OF HON. TIMOTHY J. PENNY, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF MINNESOTA

Good Morning. The Subcommittee on Postsecondary Education today continues its hearings on the reauthorization of the Higher Education Act. We have appearing this morning a distinguished group of college and university Presidents who will offer their perspectives on the reauthorization and the specific proposals contained in H.R. 5240, The Higher Education Act Amendments of 1984.

I welcome you here this morning on behalf of Chairman Simon and apologize for the absence of several of the Members on this side. As you know, there is an election in New York today and my colleague from Pennsylvania, Mr. Harrison from Pennsylvania, had to debate his primary opponents last night and is unable to be present. Chairman Simon regrets that he cannot join us this morning but he has indicated he has most of the witnesses' testimony and will follow-up with some questions for several of you.

I ask unanimous consent that both the Chairman's statement and Mr. Harrison's statement be entered in the record at this point.

Let's begin with Dr. Jordan from Penn State.

Mr. PENNY. We will begin with Dr. Jordan from Penn State and special greetings from Congressman Harrison to you.

[Prepared statement of Dr. Bryce Jordan follows:]

PREPARED STATEMENT OF DR. BRYCE JORDAN, PRESIDENT, THE PENNSYLVANIA STATE UNIVERSITY

Chairman Simon and Members of the Subcommittee:

Thank you for this opportunity to testify on matters of critical importance to the country's system of higher education. We at Penn State find your concern for the Nation's colleges and universities encouraging.

We are particularly pleased that you have taken the initiative to address the disparity that has evolved in higher education in the ratio of student loans to grants. We welcome your efforts to correct that disparity by placing more emphasis on higher education grants to reduce existing pressures on students to take on frequently alarming loan burdens.

Higher education costs are increasingly squeezing families who are attempting to support their children's postsecondary education. A recent national study completed by the College Board, for example, revealed that only one in five families of the 1983-84 freshman class can provide the $4,700 required for a year at an average public university, down from one in four in 1976. According to the College Board study, only one in ten families can provide the $8,400 necessary for a year at a typical private institution, down from one in eight in 1976.

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We are witnessing the consequences of such trends at Penn State. Our Office of Student Aid, for example, has called to my attention a case of a young Black woman majoring in engineering at our University Park Campus. She will start her senior year next fall with a total loan indebtedness of $19,500.

This is just one example of a growing trend in higher education that poses potential problems for the future. For the 1983-84 academic year, for example, the total documented financial need for our undergraduate students was $99.8 million. After all existing aid sources had been taken into consideration, the unmet financial need for these students totaled $22.8 million. The unmet need for our freshmen alone totaled $6.8 million. Again, after all existing aid sources had been taken into consideration, the unmet financial need for Penn State's black students totaled nearly $1 million. This has a pronounced negative effect on our efforts to recruit and retain black students.

Because of the scarcity of grant dollars, our students with documented financial need are turning to loans to finance their education. Over half of our students participating in the National Direct Student Loans (NDSL) program also must borrow from the Guaranteed Student Loans (GSL) program to stay at Penn State. The mean amount borrowed by these—our neediest students—is an alarmingly high annual per capita total of $3,262. Approximately one-fifth of the University's Black Achievement Students are included in the group which must tap both NDSL and GSL for funds. They are among the university's highest achievers. Their situation reflects the inadequacy of available grant funds to support their academic work. In addition, nearly 50 percent of those students accumulating the $3,262 annual indebtedness are also receiving Supplemental Grant (SEOG) funds. Thus, we support proposals to increase the maximum award levels for the Pell Grant program.

As the National Association of State Universities and Land-Grant Colleges (NASULGC) has noted, the Pell Grant program is the most important program for students in the public sector of higher education. Almost 85 percent of student aid recipients in that sector received a Pell Grant in the 1981-82 academic year. NASULGC studies indicate that the maximum Pell award between the FY '79 and FY '84 has increased by only 5.5 percent ($100), while average undergraduate student charges in the public sector for the same period jumped by 49.7 percent ($1,633). The Department of Education is projecting that the number of Pell recipients in four-year public institutions will decline from 1.013 million in FY '79 to 938,000 in FY '84. In terms of dollars, the aggregate amount of Pell Grant funds to students in four-year public schools has also declined from $1.01 billion in FY '79 to $934 million in FY '82.

We join NASULGC in supporting proposals calling for the establishment of Pell Grants as an entitlement. We recognize that recent economic history has made entitlement programs something of a political anathema. However, in the case of Pell Grants, we believe it is justified. Entitlement status would preserve this critical program from annual budgetary threats. We would hope that an entitlement program would not jeopardize other vital portions of the Title IV student aid package.

As you know, the proposed modification of the "half-cost" provision in the Pell Grant program is a controversial topic in the higher education community. Maintaining the "half-cost" ceiling at its current 50 percent of tuition costs does not provide adequate funding for students. We are, therefore, very pleased with your initiative to incorporate inflation adjustments into the Pell Grant formulas. We also welcome your effort to increase the "half-cost" ceiling to 75 percent, but the proposed program still does not recognize student costs adequately. The Pell program historically has not recognized the true costs students must meet. Penn State, for example, has conducted student cost surveys on a regular basis. These surveys have sampled on-campus, off-campus, and commuting students at our University Park campus and our other campuses which serve undergraduates. Survey results consistently show that these students' actual and legitimate costs for room and board are greater than the Pell cost of attendance allowance (see Table 1).

These same cost disallowances unfortunately are continued in the proposed reauthorization. Our Office of Student Aid, for example, has projected that under the proposed reauthorization, the percentage of disallowed costs total 28 percent for our on-campus students, 32 percent for our commuting students, and 44 percent for our off-campus students. This situation needs to be corrected not only to benefit students, but also because failure to do so will perpetuate a problem that exists in the student aid funding structure. Specifically, in the proposed reauthorization, a university's allotment formula for other Title IV student aid funds is driven by the dollars awarded to its Pell recipients. Thus, under the proposed reauthorization, students at some academic institutions will be denied their fair and reasonable share of proposed institutional block grant funds and work-study funds.

We believe a more equitable approach for the allotment of student aid funds would first recognize the total cost (including tuition) students must pay for their post-secondary education. That cost should then become the base of which a predetermined percent applied equally to all institutions would be eligible for student aid funds. To avoid division within the higher education community, we strongly recommend further study of this issue. It is our hope that such study will lead to the development of a standardized and acceptable Pell formula that recognizes the true cost of attendance experienced by on-campus, off-campus, and commuting students.

We believe the proposal to create an institutional Block Grant Program is worthy of careful consideration. We would support the notion of flexibility with accountability inherent in such a program. However, we recognize that block grant programs have been used in the very recent past as a mechanism to consolidate federal budget cuts and return certain financial responsibilities to the states. The block grant concept raises the specter of budget reductions rather than adequate funding for student aid.

I would like to add that adequate student aid for graduate students is very important to Penn State. As one of the nation's leading research universities, we are placing increasing emphasis on the breadth and quality of our graduate programs. Thus we, like the other research universities in the nation, strongly support adequate student aid for graduate students. Insufficient aid for graduate students will have serious consequences for the nation's basic research effort and the benefits that effort produces for our society.

Signs of Trouble and Erosion: A Report on Graduate Education in America.—A study completed recently by the National Commission on Student Financial Assistance, addresses this important issue. Noting that graduate education is designed to create both new scholarship and new scholars, the report reminds us that it is not possible to conduct first-rate graduate education without original research. This unity between graduate education and research is a key national asset. The authors of the report note that America's graduate research and education enterprise was at the heart of the nation's success after World War II and argue that it will be critical to our continued success through the end of this century. The study continues that, and I quote,

"It is to our universities that we must once again turn if we are to improve our commerce and industry, preserve and defend the nation, conquer disease and malnutrition, and reclaim the environment as well as to restore the intellectual and civic fabric of American society."

The nation's research universities will not be ready to respond to that challenge unless they are able to attract and maintain a pool of talented graduate students. Unfortunately, that poll has been declining. For example, only one-third of Harvard's 1980 summa cum laude graduates engaged in graduate study compared to over three quarters of such students in the 1960's. Many in the sciences, as you know, are attracted away from graduate study by competitive salaries and the opportunity to have access to outstanding laboratories and facilities in the industrial sector. Part of the student trend away from traditional graduate study can be attributed to what the authors of Signs of Trouble and Erosion call the "unstable nature of federal support of the graduate enterprise."

Robert Rosenzweig, President of the American Association of Universities, reiterated this point in the March, 1984, issue of Change. He noted that instead of carefully constructing a national policy on the federal role in graduate education, we have allowed this field to drift "more or less aimlessly." This must change, a position advocated by John Brademas, President of New York University and Chairman of the Graduate Education Subcommittee of the National Commission on Student Financial Assistance. Dr. Brademas argues that the federal government has an obligation to ensure stable support of graduate research and training. In the March 2, 1984, issue of *Science* he noted that adequate student aid—through loans, fellowships, research and teaching assistantships, and work-study programs—is an important part of that support, especially to minorities and women.

The Graduate Professional Study Program (G*POP), the only federal program providing fellowship support for both minorities and women, provides an example that demonstrates several of our college and program needs. G*POP funding for twenty-two students was requested by Penn State for the 1984–85 academic year in areas including Agriculture; Business; Earth and Mineral Sciences; Health, Physical Education and Recreation; Communication Disorders; and Psychology. Nine awards were made. Although this is an increase over previous years, it still means other funding will have to be found for thirteen students if they are to attend Penn State. Furthermore, supplemental funding for Penn State's nine G*POP students will have to be secured. G*POP currently provides a twelve-month living stipend of $4,500.

This compares to $8,100 that the National Science Foundation Fellows receive. It does not cost less money to support a G*POP Fellows than an NSF Fellow. We support your efforts to bring the stipend up to the level of other federal fellowships programs, which would recognize the program for the service it provides. Continuing G*POP as an insufficiently funded program (both in scope and in individual awards) subtly perpetuates the myths that caused the need for such a program initially. Increasing fellowship support in this area would demonstrate federal commitment to helping minorities and women achieve equal access to graduate education.

As Dr. Brademas noted, because "graduate training is intimately connected to research, assistance to students cannot be reduced without diminishing the entire research endeavor." Few would argue with that statement. Yet assistance to graduate students is not what it should be. During the 1982–83 academic year at Penn State, for example, the University enrolled 6,104 graduate students. Only 37 percent of them had assistantships. The number of fellowships available to Penn State graduate students has declined by 184, or 53 percent, between 1973 and 1983. For the 1982–83 year, fellowships supported only 173 graduate students or 3.0 percent of the total graduate student enrollment. Graduate students at Penn State, like our undergraduate students, are increasingly turning to loans to finance their education. In the last three years alone, the number of our graduate students using loans has increased 34 percent.

We are, obviously, concerned about the types of resources available to our graduate students. The average cost of education for a Penn State graduate student in the 1982–83 academic year was $7,083 for a Pennsylvania resident and $9,339 for an out-of-state resident. These costs have increased 52 percent in the last four years. The financial resources available to cover such expenses for our 6,104 graduate students for the 1982–83 academic year totaled $27.2 million. That compared to total costs of $48.7 million. The $21.5 million difference had to be made up by often nonexistent personal resources.

Given the rising costs of graduate education and decreases in resources available to meet the costs, it is apparent that the annual maximum guaranteed student loan amount of $5,000 established in 1976 is outdated. An annual maximum amount of between $6,000 and $7,000 would be closer to costs and we support efforts to adjust the maximum amount of the GSL annual loan limit to reflect real costs more adequately. Of course, as the annual maximum GSL amount is increased, both limits to the aggregate amount borrowed and the length of time required to repay the loan must be reviewed. Extending the repayment period for these loans from ten to fifteen years would aid our graduate students. I would like to add at this point that we question the $65,000 annual family income cap proposed for the GSL program. We feel access to that program, should be based on documented need, regardless of family income.

National priorities must be set to achieve the goals of quality graduate education and research as well as equal access to the nation's colleges and universities. Achieving a more equitable balance between fellowship and loan programs should be a dominant factor when pursuing these priorities. Penn State welcomes proposals to increase graduate student access to Title IV student aid programs. However, such programs must be adequately funded so that graduate student access does not mean reductions in the amount of student aid available to undergraduate students.

I would like to add that we recognize and support the initiative this committee is taking to maintain and improve access to higher education in America. Educational access is the cornerstone of the Morrill Act which, in 1862, fostered the most ambitious and productive system of higher education in the history of the world enabling land-grant universities like Penn State to develop. As Dr. Frank Rhodes, my colleague from Cornell, has argued so eloquently, "Investment in a program of open access to higher education is a necessary part of—indeed, the very foundation of—the nation's future prosperity and well being." However, we must also recognize that academic merit is an important facet of graduate education and must be a strong factor in allocation of support for graduate students.

We at Penn State also welcome efforts to allow more institutional control in the distribution of student aid funds as well as proposals to increase the College Work-Study (CWS) program. Penn State has had a good experience with the work-study effort. More than 3,700 of our students are participating current in this program. These students are a substantial asset to the University; their work ranges from peer counseling in student aid to assisting research professors. As you might expect, there are many more positions proposed for such students by the faculty than there are funds to support them.

The Penn State experience suggests that those who advocate reduction in the student aid system based on the assumption that such aid continues to be too generous

are misinformed. Since the 1978-79 academic year, the growth in employment has been greater than the growth in grants at Penn State. During that same time period, the growth in employment has also exceeded the growth in loans. The growth in employment (up 305 percent since 1978-79) and loans (up 90 percent since 1978-79) has outstripped the growth in grants (up 69 percent since 1978-79).

As you know better than I, the reauthorization of the Higher Education Act of 1965 is an enormously complex task that involves a diverse group of constituencies throughout the United States. Recognizing that, we would like at this time to focus our comments on the reauthorization on three points in addition to those we have already made on student aid. They deal with the proposed Black College and University Act in Title III; Title VII: Construction, Reconstruction, and Renovation of Academic Facilities; and Title VI: International Education Programs.

As part of an aggressive program designed to increase the proportion of black students at Penn State, the University is working to establish links with Cheyney and Lincoln Universities, both traditionally black schools. Such schools unquestionably need to upgrade their instructional and research equipment as well as to strengthen their programs in disciplines where black students are underrepresented. Our experience suggests that this upgrading process should not occur in isolation, but in concert with other supportive institutions. Cooperative efforts to improve the postsecondary education of black students, particularly of those seeking entrance into graduate or professional school, are very promising. When strengthening traditionally black colleges and universities, we must not fall prey to the implicit notion of "separate but equal." Rather, blacks and whites must together—with other minority groups—reap the benefits of quality higher education systems developed for and available to all our people. We support those who advocate the need to involve the federal government in the upgrading of black schools while facing the very real dilemma of being in competition with those schools for talented black students.

I would be remiss if I did not emphasize again the pressing need for increased federal funding for research equipment and facilities, a point I discussed in considerable detail before this committee on December 8, in Pittsburgh. As I said then, the Pennsylvania State University is among the top twenty research universities in the nation. Yet, we are dangerously behind in keeping the University at the state-of-the-art in engineering and scientific equipment. Updating our equipment and facilities is Penn State's single most pressing need for substantial funding support. It is becoming increasingly critical.

Hence, we applaud Title VII in its effort to provide support to improve research facilities at the nation's universities. You have summarized well the need for this, Mr. Chairman, on pages 48 and 49 of the January 19, 1984, document highlighting your thoughts for reauthorization. We welcome your efforts to emphasize low interest loans for the construction of academic and research facilities and to provide matching grants for the purchase of laboratory and instructional equipment. We regret, however, that you saw the need to increase the local share for construction projects from 20 percent to 50 percent. We also hope that your proposal to authorize $100 million annually for five years to provide matching grants to universities to purchase laboratory, research, and other instructional equipment is enacted.

Before concluding, I would also like to applaud your interest and leadership in international education as outlined in Title VI. The need for international education is becoming increasingly critical in our pluralistic society. It is an area we are nurturing at Penn State. The idea of establishing a National Endowment for International Education offers great promise in this area. Your long-standing commitment to and support of international education is appreciated.

We thank you for this opportunity to share our views with you on these important issues and for your work on behalf of higher education.

TABLE 1.—COMPARISON OF ALLOWABLE PELL COSTS AND ACTUAL STUDENT COSTS FOR ROOM AND BOARD AT THE PENNSYLVANIA STATE UNIVERSITY

	Current law 1983-84			Higher education amendments of 1984-86		
	Allowable Pell costs	Documented costs	Disallowed costs	Allowable Pell costs	Projected actual costs [1]	Disallowed costs
Commuter	$1,100	$1,575	($475)	$1,200	$1,770	($570)
Off-campus	1,100	2,562	(1,462)	1,600	2,879	(1,279)
On-Campus (residential)	2,464	2,464		2,000	2,769	(769)

[1] Current costs plus anticipated 6 percent annual increase

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STATEMENT OF DR. BRYCE JORDAN, PRESIDENT, PENNSYLVANIA STATE UNIVERSITY

Dr. JORDAN. Thank you. Mr. Penny and members of the committee, I do thank you for the chance to appear before you related to these very important issues in higher education. I have submitted extensive remarks for the record and what I would hope to do here this morning is simply summarize those remarks.

If I may, I should like to turn first to the matter of student aid and begin by commending this subcommittee's initiative in addressing what we view as a very serious disparity developing in higher education in the ratio of student loans to grants. We have begun to note that student loan indebtedness is becoming quite alarming.

Recently, our student financial aid officer pointed out to me an example of a young, black woman majoring in engineering at the University Park Campus at Penn State. She is now finishing her junior year and as she finishes that year, she will have a total loan indebtedness of $19,500. This is illustrative of a growing trend, we think, in higher education.

At Penn State the total documented financial need for undergraduate students for 1983–84 academic year was $99.8 million. We can document an unmet need for these students that totals $22.8 million. Over half of our students who participate in the National Direct Student Loan Program also must borrow from the GSL, or Guaranteed Student Loan Program, in order to stay in school at Penn State.

Continuing to talk about this matter of loan obligation, the mean annual amount borrowed by our neediest students is at an alarmingly high per capita total of $3,262, mean annual amount. Penn State has a particular interest in recruiting and retaining black students from the State of Pennsylvania as well as from elsewhere. One-fifth of our black students that are among the university's highest achievers are included in the group which must borrow from NDSL and from GSL.

I mentioned earlier that the mean annual amount per capita total loan was $3,262. Nearly half of the students accumulating that total, that mean, also are receiving supplemental grant funds. So in that environment—the environment in which we are working—the fiscal environment for our students, we support proposals which would increase maximum award levels of the Pell Grant Program and we support proposals calling for the establishment of Pell Grants as entitlement. We support proposals to incorporate inflation adjustments in the Pell Grant. We certainly support proposals to increase the half-cost ceiling to 75 percent of tuition costs.

Still the proposed program does not recognize student costs adequately. At Penn State, the costs of tuition over 10 years have risen 170 percent. So we do suggest further study of this issue so that a standardized Pell formula which is acceptable to the entire higher education community can be developed.

Such a formula, we believe, should recognize the true costs of attendance experienced by three types of students—on campus, off

campus, and commuting students. All public universities are finding increasing numbers of commuting students and the inequities there are perhaps the largest of all.

We do support also the proposal to increase the College Work-Study Program. Let me point out that Penn State has had a particularly fine experience with the College Work-Study Program. More than 3,700 of our students are participating at this point in work which ranges from pure counseling in the student aid program to active research activity in the laboratories and research programs of our professors. There is much more need there than we can presently fulfill.

We also want to comment on the Institutional Block Grant Program. We think that is very worthy of consideration because of the flexibility and the accountability involved, but we do have a caution. We recognize the block grant programs have been used in the very recent past as a mechanism for consolidating Federal budget cuts and for throwing additional financial responsibilities on the States and we are cautious about that.

We have a very particular interest in improving the possibility and the climate for student financial aid for graduate students. We think this is a critical national problem which has been increasing as support for graduate students has declined over the years.

Sufficient aid for graduate students is critical to the research effort of our Nation's major universities. We think that insufficient aid for graudate students has had severe consequences for the research posture of our entire country and for our country's basic research effort and we see increasing problems unless that trend of financial aid for graduate students can be reversed. We support very fully the conclusions of a study recently published by one of our former distinguished colleagues, the now distinguished president of NYU, John Brademas, a report titled, "Signs of Trouble and Erosion: A Report on Graduate Education in America." That study argues and I quote, "It is to our universities that we must once again turn if we are to improve our commerce and industry, preserve and defend our Nation, conquer disease and malnutrition and reclaim the environment as well as to restore the intellectual and civic fabric of American society."

The Nation's major research universities of which the Pennsylvania State University is one will not be able to respond to that kind of a ringing call unless they are able to attract and obtain a talented pool of graduate students. The key to that is adequate graduate student aid.

Assistance to graduate students is certainly not what it should be. At Penn State during 1982–83, we enrolled 6,104 graduate students. Only 37 percent of those students had assistantships. Only 173, or 3 percent, had fellowships. The number of graduate fellowships available to Penn State graduate students has declined by 184, or 53 percent, between 1973 and 1983.

The matter of an increasing amount of debt liability is just as true for graduate students as it is for undergraduates. Increasingly, graduate students are turning to loans to finance their education. In the last 3 years, the number of graduate students using loans has increased 34 percent.

We point out, by the way, that the average cost of education for a Penn State graduate student has increased 52 percent in the last 4 years. For 1982-83 academic year, the total cost for a Pennsylvania resident graduate student was $7,083. For an out-of-state student, over $9,300.

In this environment, we support proposals to raise the annual maximum Guaranteed Student Loan amount to $7,000. We support increases in the limits to the aggregate amount borrowed and, particularly important, in view of the load which graduate students and undergraduate students are carrying, an extension of the length of time required to repay those loans.

I want to comment particularly on the Graduate Professional Student Program or G*POP as it is called. G*POP is a very important program and something that Penn State is spending a great deal of attention and energy on these days: That is, the recruitment and the retention of larger numbers of minority graduate students. There is a sizable shortage of minority faculty on the campuses of most major American universities. We see the G*POP as an important avenue for educating and recruiting top-flight young minority Ph.D.'s onto the faculties of major universities. We particularly support the program which would increase the G*POP stipend from its current 12-month, $4,500 to a much larger figure. G*POP stipends simply do not compare to NSF fellowships—G*POP stipends being at $4,500 and NSF fellowships at $8,100. It's one of the great ways of increasing minority participation in higher education and in faculties of our major universities.

We also support proposals to increase graduate student access to title IV student aid programs. However, we do want to stress that academic merit is an important facet of graduate education and must be a stronger factor in the allocation of support for graduate students. Need is an important consideration, but merit is a very important consideration, if our universities are to provide the kind of highly educated graduate degree holders which our country must have.

I would like to discuss very briefly the matter of support for black colleges and universities. We support proposals to involve the Federal Government in the upgrading of these black institutions, but I would point out that we face a very real dilemma in being in competition with those schools for talented black students. It creates a real dilemma for Penn State, for example.

We presently have close cooperative ties with Lincoln and Cheyney Universities in Pennsylvania. These are traditionally black schools and our efforts there suggest that the upgrading process should not occur in isolation but in concert with supportive institutions, such as Penn State and our other major research universities in Pennsylvania.

Cooperative efforts to improve postsecondary education of black students, particularly of those seeking entrance into graduate or professional school, we think are very, very promising. Blacks and whites must together with other minority groups reap the benefits of quality higher education assistance developed for and available for all people.

I do want to reemphasize, Mr. Chairman, the pressing need for increased Federal funding for research equipment and facilities.

That particular problem is a massive one for Penn State and for the other State-related research institutions in Pennsylvania. This is a point which I discussed in considerable detail when I testified before this committee on December 8 in Pittsburgh.

So we support title VII in its effort to emphasize low-interest loans for construction of academic and research facilities and we support most enthusiastically your proposal to authorize $100 million annually for 5 years to provide matching grants to research universities to purchase laboratory, research and other instructional equipment.

Before concluding, Mr. Chairman, I also want to applaud efforts on behalf of international education as outlined in title VI. Penn State University has a large and active international program in all parts of the world and the idea of establishing a national endowment for international education offers, we think, great opportunity.

I thank you very much for the opportunity to appear here today.

Mr. PENNY. Thank you, Dr. Jordan.

I think it would be best if we just proceeded with the other panelists and at the conclusion of all of the testimony we will then ask questions of each of you.

Next, I would like to call on Dr. Frank Rhodes, president of Cornell University.

[Prepared statement of Dr. Frank Rhodes follows:]

PREPARED STATEMENT OF DR. FRANK H.T. RHODES, PRESIDENT, CORNELL UNIVERSITY

I am Frank Rhodes, President of Cornell University.

Mr. Chairman. Members of the Subcommittee on Postsecondary Education. The prospective reauthorization of the Higher Education Act of 1965 raises more issues than one witness can possibly cover in an appearance such as this. Therefore, with your permission, I should like to focus my remarks on those aspects which are concerned with the support of graudate education and its essential partner, research and scholarship.

Before doing so, I would urge the Subcommittee to consider carefully two important questions raised by the bill introduced by Chairman Simon in the major changes it proposes for student aid.

First, what would be the effect of the proposed entitlement for Pell Grants? If needy students at lower-priced institutions were to have most of their costs covered, while those at higher-cost institutions remained dependent on the uncertainties of the appropriations process, could this discourage attendance at independent institutions and thus alter the balance between the sectors? Access would still be maintained; choice between institutions would be reduced.

Second, how would the proposed consolidation of campus-based aid programs affect institutional allocations? To date, there has been no analyses of this important question, and I would urge the Subcommittee not to consider such a change without detailed information as to its impact. If a block-grant proposal were adopted, for example, it would be important to assure that the allocation of funds under it is as equitable as possible.

You have now heard testimony on issues affecting graduate education from John Brademas, President of New York University and Chairman of the Graduate Education Subcommittee of the National Commission on Student Financial Assistance. That Subcommittee has recently issued a splendid report, of which you have copies, whose conclusions and recommendations I enthusiastically endorse and commend to you.

In particular, the Brademas report outlines the reasons for a carefully bounded but major Federal role in maintaining a healthy graduate enterprise. The rationale for a Federal role has been succinctly put forth by President Robert Rozenzweig of the Association of American Universities. In barest essence, it is as follows:

1. Doctoral education in America is inseparable from research.

2. There is a recognized Federal responsibility for the report of university-based basic research, whose costs are local but whose benefits are broadly distributed and enormously important.

3. Quoting now from Dr. Rosenzweig, "a national research enterprise that falls short of reaching the very highest levels of creativity imagination, and intellectual power is, in the end, far more costly than one that does [reach these levels], because the return from it is so much lower."

4. The quality of the scholars and scientists who do the work, and the quality of their students, are absolutely critical.

At the graduate level, the Federal role should focus on programs designed to attract the most talented college graduates into graduate study. This should involve three major initiatives:

1. Competitive fellowships and traineeships for the most promising students and the highest quality departments, ranging across all academic disciplines, but including some programs specifically designed to fill shortages.

Figures compiled by the American Society for Engineering Education show that 8% or 1,450 of the budgeted engineering faculty positions nationwide are unfilled. If we returned to the faculty/student ratios of the 1960's, however, that number would rise to 6,000. We are now producing 3,000 engineering Ph.D.'s per year compared with 3,800 in 1973. About 35% of these foreign nationals. The need could be met, according to some estimates, if we could increase the 15,000 engineering students enrolled in Ph.D. programs by 1,000 each year for the next five years.

2. Assistance in rebuilding and re-equipping laboratories and libraries.

Unpublished National Science Foundation statistics show that only 16% of university instrumentation is state-of-the-art in the fields of physical sciences, engineering, and computer science. About one-quarter of the 1982 inventoried equipment is listed as obsolete and no longer in research use.

Thirty-one percent is over ten years old, 49% is one to five years old, and 20% is in the range of six to ten years. A 1981 survey by the Association of American Universities found that 15 of the major universities would need to spend three quarters of a billion dollars over the three years 1982–84 for research facilities and special research equipment. The total national problem is, of course, far larger.

3. Incentives for the most promising minority college graduates to enter careers of teaching and research.

Statistics in this area (1981) are discouraging. Twelve percent of the U.S. population is black, but only 9.7% of undergraduate students are black and the percentage drops to 4.2% at the Ph.D. level. By field, blacks receiving Ph.D.'s in 1981 ranged from less than 1% in physics and the earth sciences to 8.8% in education. Blacks received only 5% of professional degrees in 1981.

It is important to recognize that the rationale for a Federal role in graduate education, and the appropriate policies to implement it, are fundamentally different from those underlying Federal support for undergraduate education, which properly emphasize access and choice through need-based student aid.

On the specifics of what you propose, Mr. Chairman, I would now like to make the following observations and recommendations.

National Graduate Fellows Program.—This program, authorized for the past five years but never funded, would provide up to 450 merit-based fellowships annually. I commend the proposed legislation for recognizing the primacy of this program for support for the arts, humanities and social sciences and permitting expansion to other areas of national interest. I also support the $9,000 minimum stipend. Your proposal would be further enhanced, Mr. Chairman, if a program of NIH-type institutional traineeships could be added.

Graduate and Professional Opportunities Program.—This program has been of significant help at Cornell and other institutions over the past six years in attracting and supporting minority graduate students. The proposed increase in stipend level and the progressive increases in program authorization would be very valuable. I understand that this program has experienced administrative difficulties, which I hope the Department of Education will be able to resolve.

Early Identification.—Important new language would permit "the identification and recruitment of minorities and women for graduate and professional programs." I understand that the National Institutes of Health have established a very successful program called MARC—Minority Access to Research Careers—which could usefully serve as a model for a similar program in the Department of Education. The MARC program provides competitively awarded 5-year institutional traineeships which support promising minority undergraduates in special programs to prepare them for graduate training. It effectively addresses serious problems in both the re-

cruitment and retention of minority students in doctoral programs, and should be expanded to other Federal agencies that support graduate education.

Pell Grants for First-year Graduate Students.—This is a commendable initiative. There is certainly well documented need among our graduate student population. In fact, at Cornell, approximately 30% of our National Direct Student Loan (NDSL) and College Work Study (CWS) allocations are utilized by needy graduate and first professional students. I am concerned, however, that the Pell grant program, which has never been funded at the levels authorized in 1980, could be further diluted by this effort. I therefore endorse this proposal contingent upon the full funding of the Pell grant program as authorized in 1980. These new Pell funds would then certainly shift some of the emphasis in graduate student support from loans to grants, while providing the support necessary for our truly needy undergraduates.

Facilities and Instrumentation.—One of the most heartening aspects of the legislative proposals you have placed before us is explicit recognition of "the overwhelming need for facilities and instrumentation throughout higher education." I want to underscore the urgency of these proposed programs for (1) low-interest loans for construction of academic and research facilities, and (2) matching grants for the purchase of laboratory and instructional equipment. The needs are very great, but this is a good beginning. We simply cannot train young scientists, engineers, physicians and others on obsolete equipment. Inadequate equipment will provide inadequate research. As a nation, we cannot afford that particular economy.

Research Libraries.—High quality graduate education and research are fundamentally dependent upon access to large and very costly research libraries. The relatively few such libraries constitute a significant national resource, and the arguments for their support parallel those for Federal support of research and graduate education. Their needs at the moment are especially acute as we enter the highest-cost phase of the unprecedented revolution in library technology.

I applaud the initiative in the proposed legislation which would support the development of technology. At the same time, I would hope that additional funds could be authorized for expanded support grants to research libraries.

International Education.—The statements accompanying the proposed legislation indicate your full awareness of our country's needs in international education. A number of your new proposals would be valuable; including the provision for a foreign language periodical system and for a center or office of international education within the Department of Education. The proposed faculty and student exchange programs are highly commendable in their intent; I hope they will reinforce and not displace the successful existing Fulbright-Hays programs.

I would also like to call your attention to a major study of foreign langauge and area studies now in progress under the auspices of the Association of American Universities. This study will be completed soon, and I hope its recommendations will be carefully assessed as reauthorization proceeds. One important suggestion already made is for support for both summer institutes and year-long institutes for intensive training in critical or neglected languages, and I understand that your legislation is responsive to this need.

Loan Limits.—The higher education community is greatly concerned about the increasing debt burden carried by many students upon graduation, especially by those who go on to graduate or professional school. At the graduate level, as I have said, we would like to see the primary mechanism of support be fellowships and traineeships based on merit. Yet I do not foresee a time in the near-term future when either undergraduates or graduate students will be able to manage without increased access to loan capital.

I am therefore very pleased by the proposals to raise the annual borrowing limit under the Guaranteed Student Loan Program to $3,000 for undergraduate students and $7,000 for graduate or professional students. I fear that even this may not be enough. Limits of $4,000 for undergraduates and $10,000 for graduate students, already suggested to your Subcommittee, may be more appropriate. Moreover, the aggregate limit for graduate and professional students remains at $25,000, which unfortunately does not meet the need for many. I hope this can be reviewed.

On interesting possibility, which I understand has been raised before your subcommittee, is a Federally guaranteed loan program which bears no Federal subsidy other than that implied by the guarantee. This concept would give individual institutions a promising opportunity to seek private loan capital on their own.

While on the subject of loans, I commend you for the removal of the origination fee. I would also like to express concern about the fixed family income limit of $65,000, and recommend instead that you require a full needs analysis in each case. Surprising as it may seem to some, today's cost of college attendance can place a severe burden on some families ordinarily considered in a comfortable income

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bracket. The primary need is for flexibility, both in access to loans and in repayment. In this connection, I am very happy to note your recognition that some form of loan consolidation and flexible repayment plan must be provided for needy and highly indebted borrowers.

A Prescription.—Our graduate schools provide the continuing supply of talented individuals with the knowledge, technical skills and perception on which depend our food supplies, our health and well-being, our military strength, our cultural life, our international leadership and our economic vitality.

As Dr. Robert Rosenzweig has said:

A simple and clear prescription can serve as a guide to national policy with respect to graduate education. It is this: attend to the education and training of the nation's best young minds or fall behind those nations that do. For it is upon this thin stream of highly talented men and women that our national creativity chiefly rests.

Mr. Chairman, in this, your final year in the House of Representatives, I would like to say how very greatly we in the higher education community appreciate your extraordinary and constructive interest over the years in the welfare of higher education. You have consistently sought to enhance the opportunities of students, their families and their institutions, and we are all the better for it. So is our nation. You leave us all greatly in your debt.

Thank you.

STATEMENT OF DR. FRANK RHODES, PRESIDENT, CORNELL UNIVERSITY

Dr. RHODES. Mr. Chairman, the proposed reauthorization of the 1965 Higher Education Act raises more issues than any one person can possibly speak to in a session such as this. With your permission, I want to focus my remarks entirely on the support of graduate education and on its essential part in research and scholarship. In doing that, of course, I have no less interest in other aspects of the proposed reauthorization.

But before I talk about specifics, perhaps I could urge the subcommittee to consider carefully two very important questions that are raised by the bill which Chairman Simon has proposed. Those concern major changes in student financial aid.

The first question is this: What would be the effect of the proposed entitlement for Pell Grants if needy students at lower-priced institutions were to have most of their costs cut, while those at higher cost institutions still remained uncertain about the appropriations process? Might this not discourage attendance at independent institutions and so alter the general balance between the two sectors?

I say that not out of any protectionism for the independent institutions—Cornell happens to live in both worlds—but because I believe that access continues to be enormously important to us, but so does choice. I hope for all students this element of choice between different kinds of institutions may continue to be regarded as a priority.

The second question: How would the proposed consolidation of campus-based aid programs affect institutional allocations? We have not yet together had any analysis of this very important question. I hope the subcommittee won't go forward with such a change without very detailed information as to what the impact would be. If a block grant proposal were adopted, for example, it would be very important to assure that the allocation of funds under that was as equitable as possible.

You have heard reference this morning and you have already heard testimony from Dr. John Brademas on behalf of the National

Commission on Student Financial Aid. The report of that subcommittee is one that is well known to you and I want simply to endorse wholeheartedly the proposals that it has made.

My thesis fundamentally this morning is that the Nation must not economize in graduate education because it is of vital importance not simply for the students, not simply for the universities, but for the health and prosperity of the Nation. It is the single most important investment that we have to make in the future of our Nation.

At the graduate level, it seems to me that the Federal role should focus on programs to attract the most talented college graduates into graduate study. My colleague, Dr. Jordan, has just emphasized the fact that it is not only need, but it is also merit that is so critical in attracting the best young people into graduate studies.

It seems to me three major initiatives that you are considering are of particular importance to us. The first is competitive fellowships and traineeships for the best students in the highest quality departments that go right across the ranges of the academic disciplines, but including especially some in programs designed to fill critical shortages.

Let me point out, for example, the crisis that we face in graduate education in some areas of engineering. It has been estimated recently that about 8 percent, or 1,450, of the budgeted existing faculty positions in engineering nationwide remain unfilled and they have been unfilled for 3 or 4 years now with no prospect of filling them.

If we went back from mur present faculty-student ratios to those of the 1960's which are more realistic, that number would actually rise to 6,000 unfilled vacancies in faculty engineering positions. We are now producing about 3,000 engineering Ph.D.'s a year. Ten years ago that number was 3,800. About 35 percent of those enrolled in doctoral programs in engineering are foreign nationals, many of whom return to their home countries at the completion of their studies.

Our need could be met if we could increase the present enrollment of about 15,000 students in Ph.D. programs in engineering by about 1,000 a year. But given the attraction of careers in industry, that will not happen without a Federal interest and Federal support.

Second, we welcome the initiative you have proposed in helping us rebuild and re-equip the laboratories and libraries in which instruction research takes place. About 16 percent of all instrumentation in universities is no longer state-of-the-art. About one-quarter, in fact, is obsolete and no longer in use. If you review all of the research equipment in our universities, 31 percent of it is over 10 years old and over 20 percent of it is more than 6 years old. In general, it has been shown in a recent survey conducted by the Association of American Universities that just 15 of our major research universities need to spend three-quarters of a billion dollars to bring their equipment up-to-date. Of course, nationwide, that figure is very much greater.

And then the third need that you have identified—and I cannot emphasize too strongly its priority—is that incentives have to be offered at a reasonable level to attract the best minority college grad-

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uates into careers and teaching and research. The results are discouraging and they are not improving. Twelve percent of the U.S population is black, to take one example, but only 9.7 percent of our undergraduates are black. At the Ph.D. level that falls to only 4.2 percent black students enrolled. In some fields the problem has reached crisis proportions. Only 1 percent of those students enrolled for Ph.D.'s in physics are black.

Translated into actual numbers, we are now producing only 30 or 40 students a year in certain vital fields such as engineering, biological sciences, and a number of others. The number of black and other minority graduates has to be improved at the Ph.D. level. We are clamoring for their presence as faculty members in the 3,000 colleges and universities, in hundreds of corporations which conduct research, and in scores of Federal agencies as well as many other leadership positions.

I do ask you, whatever the other priorities, urgent as they all are, to regard this as one that we have to give the utmost urgency and priority to.

Let me talk very briefly about one or two of the specifics of the programs that you have proposed.

The National Graduate Fellows Program has been authorized now for 5 years, but never funded. That program would provide assistance for 450 merit-based fellowships annually. That's a vitally important program to us and I support with enthusiasm the $9,000 minimum stipend that you suggest.

I also suggest, Mr. Chairman, that you might be willing to look at the possibility of NIH-type institutional traineeships as well as the particular model that you have proposed.

Let me repeat what my colleague, Dr. Bryce Jordan, has already said about the G*POP program, the Graduate and Professional Opportunities Program. This has been of great help already not only at Cornell, but at many other sister institutions for over 6 years in attracting and supporting minority graduate students. I understand that there have been some difficulties in administration and I hope that they can rapidly be ironed out because that's a vital program.

But it won't, by itself, solve our problems. We have to identify young men and young women from minority groups only who have the talents for graduate and professional programs. I commend the language you have put into your proposals for the early identification and recruitment of these minority men and women.

I understand that the NIH has already established a very successful program called MARC, Minority Access to Research Careers, which might well serve as a model for what you have in mind here. This provides competitive awards to institutions which are then given to trainees that supports undergraduates of minority groups in early exposure to research training. I hope those opportunities for early identification can be expanded as well as the need for support once they enter graduate programs.

Pell Grants for first-year graduate students represent another proposal that you have made and that's a commendable initiative and certainly there is a very well-documented need for support for graduate students. In fact, at Cornell, some 30 percent of our Na-

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tional Direct Student Loans and College-Work Study funds go to first-year professional and needy graduate students.

I am concerned, however, that because the Pell Grant has never been funded at the 1980 levels that we don't embark upon this program, if it's likely to dilute support that it provides for undergraduates. I hope that both needs can be kept in mind as you review this.

Facilities and instrumentation are another part of your proposal and one of the most heartening of the all of the good proposals that you have made. I want to underscore the urgency of the programs you have proposed. First, for low-interest loans, for construction of research facilities and second, for matching grants for the purchase of equipment.

Industry is beginning to come around now enthusiastically to the idea of sharing research equipment with the universities, but we do need your help in providing matching funds to meet the cost and match the cost of purchases that we continue to have to make.

The needs are very great and I can only tell you that inadequate equipment will provide inadequate research and that is an economy that the Nation cannot and must not make. Research libraries continue to be the base of the research effort, not just of universities, but of the Nation. Your committee knows very well the acute problems that we face not only in preserving materials published in the last 100 years which are printed on acid papers which are now deteriorating rapidly, but also in the need to apply nationwide new systems of technology for information storage and retrieval.

I hope you can also recognize the relatively small number of research libraries that serve as regional resources for other colleges, for industry and for Federal agencies across the country.

I support the proposals you have made for international education. They have already been described and already been supported and this, in a changing world, becomes a greater priority as each year goes by. I applaud particularly the provision of a foreign language periodical system that you have proposed and the center or a new foundation for international education.

The faculty-student exchange programs are very important to us, though I hope they won't displace the existing Fulbright-Hays Program.

I also wish to point out, if I may, that there is in progress at present under the auspices of the Association of American Universities, a study that will very soon be completed and I hope you and your committee will have the benefit of reviewing the proposals which will come out of that study.

One suggestion which has already been made by that group is the need for summer institutes and year-long institutes to provide skills in neglected, critical languages which are vital to government as well as to areas of scholarship.

I won't talk at length about loan limits, but they remain a matter of great concern to us. My written testimony describes those in some detail and I hope that will remain high on the agenda that you have proposed.

Finally, let me say, our graduate schools represent the continuing base of the pyramid of our national progress. It is from them that that small, but important supply of talented individuals with

the knowledge and the technical skill and the perception come— people who will give us in the future not only food supplies but every aspect of our national needs will depend upon their success— health, well-being, military preparedness, cultural life, international leadership, economic strength.

My colleague Dr. Robert Rosenzweig from the AAU has given a prescription which I believe is ~~one of~~ enormous importance. "Attend to the education and training of the Nation's best young minds or fall behind those nations that do, because it is upon that thin stream of talented young men and women that our national creativity and our national strength ultimately will rest."

I appreciate the opportunity to appear before you, Mr. Chairman.

Mr. PENNY. Thank you, Dr. Rhodes.

Next, Dr. Joseph Caputo, president of Millersville University of Pennsylvania.

[Prepared statement of Dr. Joseph Caputo follows:]

PREPARED STATEMENT OF DR. JOSEPH A. CAPUTO, PRESIDENT, MILLERSVILLE UNIVERSITY OF PENNSYLVANIA

Mr. Chairman and Members of the Subcommittee:

My name is Joseph Caputo. I am President of Millersville University of Pennsylvania, one of the 14 component universities of the Pennsylvania State System of Higher Education. My purpose in appearing before you today is to comment briefly on the reauthorization of the Higher Education Act of 1965, as amended. It is indeed an honor to have been invited to sit with my distinguished colleagues on this panel and to make this statement.

My comments will be brief, and will include a background statement describing Millersville University and a few comments on reauthorization and House Bill 5240 specifically. But first, I wish to commend Chairman Simon for his leadership on the reauthorization and for his demonstrated concern for our students.

Millersville University is located in southeastern Pennsylvania about 90 miles due west of Philadelphia and 40 miles southeast of the State capitol, Harrisburg. Our fall enrollment exceeded 6,700 students in approximately 100 degree programs covering the broad fields of the traditional arts and sciences, as well as many professional programs including teacher education.

Over our more than 127 years history we have evolved from a state normal school to a liberal arts oriented state college and in 1983 by Act of the Pennsylvania legislature and Governor Thornburgh, we became a University.

As promised, my comments on reauthorization will be brief. I will use House Bill 5240 as the vehicle to address four general areas on which I will comment.

1. TITLE IV. STUDENT FINANCIAL ASSISTANCE

As president of a public university where 50% of the students are from families with annual incomes of less than $25,000, and many of whom are the first members of the family to have the opportunity to attend college, I am committed to and applaud your goal of expanding access to higher education, particularly for needy students, by strengthening the provisions of title IV in House Bill 5240.

Approximately 80% of the students attending Millersville University receive some form of student financial assistance. This is perhaps a rather surprising percentage when you consider that we are a relatively low cost institution. Tuition, room, board, and fees average approximately $3,400 for an academic year for a full time undergraduate student at Millersville.

I am pleased with your proposal to make the Pell Grant Program a true entitlement program for needy students. I also support the modification of the so-called "half-cost" rule by increasing the maximum grant to 75% of the students tuition and fees not to exceed a $3,000 maximum award for the 1985-86 fiscal year. I would, however, recommend that the standard cost allowance be fixed at a flat $2,000 per academic year for students living on or off campus.

I do not see any benefit to establishing a three pronged cost allowance system as specified in House Bill 5240. At Millersville, for example, we simply do not have the dormitory space available to meet the housing needs of our students, thus these students have no choice but to seek off campus, and in most cases, more expensive

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housing. It seems that the three pronged cost allowance system unfairly penalizes these students.

As I become more knowledgeable in the area of student financial aid, I am struck with two glaring needs that must be addressed. First, complexity of program regulations must be reduced. And secondly, an institutional aid office must have flexibility in structuring a student's financial aid package to meet his or her particular needs. The proposed campus-based block grant meets both of these objectives. It provides for flexibility, less regulations and the more effective use of limited campus based student aid funds.

Although supportive of the campus-based block grant, I would, however, be remiss if I did not express one concern that I have with the proposal. That is, I am not at all sure that the State Student Incentive Grant Program should be eliminated. The SSIG Program has worked. It was created as an incentive for states to establish need-based student aid programs. I am aware of the argument that many states exceed the required state match. Pennsylvania is one such state. But nevertheless, the state-federal partnership concept in student financial aid is important and should be maintained. I am also troubled with the possibility that should this successful program be eliminated, some states would lose the incentive to continue their important state grant programs and this should not be allowed to happen.

2. TITLE V, TEACHER EDUCATION AND PROFESSIONAL DEVELOPMENT

Millersville University has a long and proud history of preparing students for careers in the teaching profession, and I am fully supportive of the changes in Title V as they appear in House Bill 5240.

The new title, "Teacher Education and Professional Development," suggested to me when I first saw it, an excellent opportunity to address an important problem that I see emerging on our college and university campuses. That is, the need for faculty development.

As our institutions of higher education cease to grow, and, indeed, begin to decline in student enrollment, the faculty stabilizes, becomes less mobile, and ages. Opportunities for this well-educated, intellectual resource and repository of expertise, the faculty, to remain current in their academic disciplines and even to retrain, are absolutely essential.

I believe that the growing problem of inadequate faculty development opportunities is not well addressed in HR 5240. Perhaps I can make a suggestion. Pennsylvania, as but one of many states, provides a sabbatical leave program for the faculty of its public institutions. Traditionally, after 6 years of fulltime service, a faculty member is *eligible* to take the seventh (sabbatic) year as leave for the purpose of professional development (including research, scholarship, advanced degrees, etc), with the ultimate expectation of improvement in classroom instruction. At Millersville, Pennsylvania law allows a maximum of 5% of the faculty per year to participate. Other states have similar laws. Thus, while roughly 15% of the faculty are eligible for the professional development opportunity, only about one-third of this number are authorized by law. Presumably the 5% cap is cost motivated.

The sub-committee has at least two opportunities to enhance faculty development opportunities through partnerships with existing state funded sabbatical leave programs. The first is to match state funding one-to-one, thus doubling, or two-to-one, thus tripling, the percentage of eligible faculty who may participate. A second opportunity, alternately viewed as a leave option of the first, if so authorized, would consist of a one-to-one federal-to-state funds match for the extension of traditional one-year leave at half-pay to a more realizable full-pay option.

I suggest that this is an issue the committee may wish to consider.

3. TITLE VII, CONSTRUCTION, RECONSTRUCTION, AND RENOVATION OF ACADEMIC FACILITIES

I cannot emphasize strongly enough to the members of the subcommittee the critical needs that we have on our campuses for assistance in renovating and maintaining our physical plants. A recent survey of the building renovation and repair needs of the fourteen public universities that make up the State System of Higher Education in Pennsylvania identified an immediate need for approximately $80 Million to correct safety hazards, repair leaking roofs, replace boilers, to name but a few items requiring attention. On the Millersville campus alone, we need $7 million, but have virtually no means of obtaining such a large amount of capital funds. Establishing a revolving fund to provide low interest loans with a 50% required match from local sources as proposed in part of Title VII, will not provide the full assistance we re-

quire. The public cannot afford to see its investment in our college and university physical facilities be permitted to deteriorate.

The chairman is further to be commended for his interest in and recognition of the need to provide assistance to colleges and universities with the purchase of laboratory research and other instructional equipment as proposed in Part B of Title VII. I am not at all sure, however, that the $100 million authorization level is sufficient to meet the critical need we have for acquiring and replacing equipment, which ages both because of use and technical obsolescence.

4 TITLE XII, ENDOWMENT DEVELOPMENT

I was intrigued by the bold and innovative "Institutional Endowment Development" concept addressed in Title XII.

Millersville University, a state-owned public institution, has witnessed a continuous decline in state support as a percentage of university operating revenues over the past decade. The state appropriations as a percent of operating revenues have declined from 61% in 1969 to 50% in 1983. Millersville University has no endowment upon which to rely or draw. But realizing the need to begin to cultivate and develop independent sources of revenue, we have instituted an Annual Fund Giving Program and we contemplate the launching of a Capital Campaign and the building of an endowment. These are now frequently observed initiatives in the public sector that only a decade ago were virtually unheard of.

Believe me, building an endowment at an institution like Millersville is no easy task when you are starting from scratch. The proposed "Institutional Endowment Development" Program will greatly assist us in obtaining a diversified revenue base to meet the income needs of the future and insure the University's vitality. I applaud your proposal.

Thank you. It has been an honor to appear before you.

STATEMENT OF DR. JOSEPH CAPUTO, PRESIDENT, MILLERSVILLE UNIVERSITY OF PENNSYLVANIA

Dr. CAPUTO. Good morning, Mr. Penny and members of the subcommittee. My name is Joseph Caputo. I am president of Millersville University of Pennsylvania, one of the 14 component universities of the Pennsylvania State system of higher education. My purpose in appearing before you today is to comment briefly on the reauthorization of the Higher Education Act of 1965, as amended. It is indeed an honor to have been invited to sit with my distinguished colleagues on this panel to make this statement.

My comments will be brief and will include a background statement describing Millersville University and a few comments on reauthorization in H.R. 5240 specifically. But first, I do wish to commend Chairman Simon for his leadership on the reauthorization and for his demonstrated concern for our students.

Millersville University is located in southeastern Pennsylvania, about 90 miles due west of Philadelphia and 40 miles southeast of the State capital, Harrisonburg. Our fall enrollment exceeded 6,700 students in approximately 100 degree programs covering the broad fields of the traditional arts and sciences as well as many professional programs including teacher education.

Over our more than 127 year history, we have evolved from a State normal school to a liberal arts-oriented State college.

In 1983 by act of the Pennsylvania legislature and Governor Thornburgh, we became a university.

As promised, my comments on reauthorization will be brief. I will use H.R. 5240 as the vehicle to address four general areas on which I will comment.

First, title IV, Student Financial Assistance. As the president of a public university where 50 percent of the students are from fami-

lies with annual incomes of less than $25,000, many of whom are the first members of the family to have the opportunity to attend college, I am committed to and applaud your goal of expanding access to higher education, particularly for needy students by strengthening the provisions of title IV in H.R. 5240.

Approximately 80 percent of the students attending Millersville University receive some form of student financial assistance. This is perhaps a rather surprising percentage when you consider that we are a relatively low-cost institution. Tuition, room, board and fees average approximately $3,400 for an academic year for a full-time undergraduate student at Millersville.

I am pleased with your proposal to make the Pell Grant Program a true entitlement program for needy students. I also support the modification of the so-called "half cost" rule by increasing the maximum grant to 75 percent of the student tuition and fees, not to exceed a $3,000 maximum award for 1985-86 fiscal year.

I would, however, recommend that the standard cost allowance be fixed at a flat $2,000 per academic year for students living on or off campus. I do not see any benefit to establishing a three-pronged cost allowance system as specified in H.R. 5240.

At Millersville, for example, we simply do not have the dormitory space available to meet the housing needs of our students. Thus, these students have no choice but to seek off-campus, and in most cases, more expensive housing.

It seems that the three-pronged cost allowance system unfairly penalizes these students.

As I become more knowledgeable in the area of student financial aid, I am struck with two glaring needs that must be addressed. First, the complexity of program regulations must be reduced. Second, an institutional-aid office must have flexilbility in structuring a student's financial aid package to meet his or her particular needs.

The proposed campus-based block grant meets both of these objectives and provides for flexibility, less regulations and more effective use of limited, campus-based student aid funds.

Although supportive of a campus-based block grant, I would, however, be remiss if I did not express one concern that I have with the proposal. That is, I am not at all sure that the State Student Incentive Grant Program should be eliminated. The SSIG Program has worked. It was created as an incentive for States to establish need-based, student aid programs. I am aware of the argument that many States exceed the required State match. Pennsylvania is one such State, but nevertheless the State and Federal partnership concept in student financial aid is important and should be maintained.

I am also troubled with the possibility that, should this successful program be eliminated, some States would lose the incentive to continue their important State grant programs and this should not be allowed to happen.

Second, title V, Teacher Education and Professional Development. Millersville University has a long and proud history of preparing students for careers in the teaching profession. I am fully supportive of the changes in title V as they appear in H.R. 5240.

The new title, "Teacher Education and Professional Development," suggested to me when I first saw it as an excellent address to an important problem that I see emerging on our college and university campuses—that is the need for faculty development.

As our institutions of higher education cease to grow and indeed begin to decline in student enrollment, the faculty stabilizes, becomes less mobile as it ages. Opportunities for this well-educated intellectual resource and repository of expertise, the faculty, to remain current in their academic disciplines and even to retrain are absolutely essential.

I believe that the growing problem of inadequate faculty development opportunities is not well addressed in H.R. 5240. Perhaps I can make a suggestion. Pennsylvania is but one of many States that provides a sabbatical leave program for the faculty of its public institutions.

Traditionally, after 6 years of full-time service, a faculty member is eligible to take the seventh sabbatic year as leave for the purpose of professional development including research, scholarship, advanced degrees, et cetera, with the ultimate expectation of improvement in classroom instruction.

At Millersville, Pennsylvania law allows a maximum of 5 percent of the faculty per year to participate. Other states have similar laws. Thus, while roughly 15 percent of the faculty are eligible for the professional development opportunity, only about one-third of this number are authorized by law. Presumably, the 5-percent cap is cost motivated.

The subcommittee has at least two opportunities to enhance faculty development opportunities through partnerships with existing State-funded sabbatical leave programs. The first is to match State funding one-to-one, thus doubling or two-to-one, thus tripling the percentage of eligible faculty who may participate.

The second opportunity, ultimately viewed as a leave option of the first, if so authorized, would consist of a one-to-one Federal-to-State funds match for the extension of traditional one-year leave at half-pay to a more realizable full-pay option.

I suggest that this is an issue that the committee may wish to consider.

Third, title VII, Construction and Reconstruction and Renovation of Academic Facilities. I cannot emphasize strongly enough for the members of the subcommittee the critical needs that we have on our campuses for assistance in renovating and maintaining our physical plants. A recent survey of the building renovation and repair needs of the 14 State-owned universities that make up the State system of higher education in Pennsylvania identified an immediate need for approximately $80 million to correct safety hazards, repair leaking roofs, replace boilers, to name but a few items requiring attention.

On the Millersville campus alone, we need $7 million, but have virtually no means of obtaining such a large amount of capital funds. Establishing a revolving fund to provide low-interest loans with a 50 percent required match from local sources, as proposed in part A of title VII, will not provide the full assistance we require. The public cannot afford to see its investment in our college and university physical facilities be permitted to deteriorate.

The chairman is further to be commended for his interest and recognition of the need to provide assistance to colleges and universities for the purpose of laboratory, research and other instructional equipment, as proposed in part B of title VII. I am not at all sure, however, that the $100 million authorization level is sufficient to meet the critical need we have for acquiring and replacing equipment, which ages both because of use and technical obsolescence.

Fourth, title XII, Endowment Development. I was intrigued by the bold and innovative institutional endowment development concept addressed in title XII. Millersville University, a State-owned public institution has witnessed the continuous decline in State support as a percentage of university operating revenues over the past decade. The State appropriations, as a percentage of operating revenues have declined from 61 percent in 1969 to 50 percent in 1983. Millersville University has no endowment upon which to rely or draw.

Realizing the need to begin to cultivate and develop independent sources of revenue, we have instituted an annual fund raising program and we contemplate the launching of a capital campaign and the building of an endowment. These are now frequently observed initiatives in the public sector and only a decade ago were virtually unheard of.

Believe me, building an endowment at an institution like Millersville is no easy task when you are starting from scratch. The proposed Institutional Endowment Development Program would greatly assist us in obtaining a diversified revenue base to meet the income needs of the future and ensure the university's vitality. I applaud your proposal.

Thank you, Mr. Penny. It has been an honor to appear before you.

Mr. PENNY. Thank you for your testimony.

Next, I would call on Dr. Benjamin Payton from Tuskegee Institute. Dr. Payton.

[Prepared statement of Dr. Benjamin Payton follows:]

PREPARED STATEMENT OF BENJAMIN F. PAYTON, PRESIDENT, TUSKEGEE INSTITUTE

I. INTRODUCTION

I am Benjamin F. Payton, President of Tuskegee Institute, Tuskegee Institute, Alabama. Located in central Alabama, Tuskegee Institute is a complex university with an enrollment of 3600 students. It offers 45 degree-granting undergraduate programs and 29 graduate programs. Its current programs are concentrated in seven major schools: Agriculture and Home Economics, Arts and Sciences, Business, Education, Engineering and Architecture, Nursing and Allied Health, and Veterinary Medicine.

I am very pleased to have been invited today to participate in this discussion on the Higher Education Act of 1965 and on funding for higher education in the proposed Fiscal Year 1985 Budget of the United States. I have spent most of the past twenty years professionally engaged in the field of higher education. This included five years' service as President of Benedict College in Columbia, South Carolina and ten years as Program Officer for Education and Public Policy at the Ford Foundation. I would like to share with you some observations on the need for continued federal support for financial assistance to needy students and to historically black colleges.

II. STUDENT AID

I would like to comment first on student aid. The President's Fiscal Year 1985 budget has placed emphasis on the concept of self-help. Under this concept, a student and his family would have to provide a minimum of $500 or 40 percent of the cost of college education before the student would be eligible for a Pell grant. Federal loans and work study funds could be used in satisfying this minimum. Administrators of historically black colleges know that their students and their families have always followed the concept of self-help.

This self-help pattern is well-known and well-documented. Let me share with you my own personal experience. I am a graduate of an historically black college. My father was a rural Baptist minister whose earnings were very limited. All nine of the children in my family were graduated from black colleges. In addition, four earned Master's degrees and two earned the Ph.D. degree at major research universities. All of us found that our undergraduate education at black colleges prepared us well for rigorous advanced training. In my own case, I graduated from a black college and then earned three postbaccalaureate degrees at Harvard, Columbia, and Yale. I see this pattern repeated again and again in students at Tuskegee Institute, many of whom have even fewer resources than did my family.

Statistical data illustrate the aggregate pattern of black spending for higher education. These data show that black families have consistently made a far greater sacrifice for higher education than white families. For example, in 1976, 38 percent of black families with incomes below $10,000 had at least one family member in college; only eight percent of white families in this income category had a family member in college. In 1981, applicants to United Negro College member schools had a median income of $13,700. The median income of students applying to colleges nationally was $26,800.

The data also suggest that the typical family of a black college student simply does not have enough money to spend more than it is already spending for higher education. The United Negro College Fund has estimated that black families are already providing 37 percent of their children's education costs through parental contributions and student summer employment, work study, and loans. Bureau of Labor Statistics data show that in 1981, a family with a total budget of $15,323 ended up with only $644 left over after allowances for the amount that would be required for food, housing, transportation, clothing, and personal and medical care. Note also that in 1981, 55 percent of black families earned less than this $15,323.

The availability of loans and work-study to assist students in raising the 40 percent does not appear to be a realistic solution for poor students. At Tuskegee Institute and many institutions, only a limited number of work-study jobs are available. Further, the bipartisan National Commission on Student Financial Assistance expressed concern over the increased levels of indebtedness among low income students, even under the current system. There must be an appropriate balance among work-study, loans, and grants.

I believe Congressman Simon has worked hard to achieve that balance. I particularly welcome Congressman Simon's effort to end the annual uncertainty that surrounds the award of Pell Grants by making the Pell Grant an entitlement. In endorsing this proposal, I am fully aware of the current national concern over our near $200 billion budget deficit. This is a cause of alarm for every citizen and it means that we face hard choices as to where cuts shall be made. Even in this difficult economic climate, however, I believe we must find a way to make a greater commitment to invest in the future of our young people. I would hope that the committee would give very careful consideration to giving the Pell Grant a simpler and more secure legislative base.

I cannot emphasize too strongly the importance of continued full support for the TRIO program. Upward Bound, Talent Search, Special Services, and the related programs which comprise TRIO provided low-income, first generation college students with the counseling, tutoring and basic information they need to enter and complete college. The 50 percent cut in this program recommended in the President's FY 85 budget proposals would have a tremendously negative impact.

Let me illustrate to you just how important it is to reach these young people. In 1981, a black male high school graduate had a median income of $12,349. Three years of college could increase his income to $14, 657. Completion of four years of college would take him up to $17,253. In that same year, however, a white male

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high school graduate could start out earning $17,548—almost $300 more annually than the black male college graduate.[1]

These figures clearly show the differential impact of the denial of an opportunity for higher education to black youth. Since a black male has to complete college in order to earn as much as a white male high school graduate, the denial of access to higher education can extract a tremendous social cost. It is therefore vital that we maintain vigorous outreach programs such as the TRIO programs to reach these youth. To demonstrate the impact this program has had at Tuskegee Institute, the Institute's former legal counsel (a graduate of the Harvard Law School) was initially "discovered" as a Tuskegee hgh school youth through the Intstitute's Talent Search program.

Finally, I welcome the support Congressman Simon has recommended for an emphasis on the neediest students in the Graduate and Professional Fellowship Awards Program. The Graduate and Professional Opportunities Program has been important to minority students. Because of the large loan obligations incurred during their undergraduate years, however, an alarming decline in the numbers of blacks going on to graduate and professional school has occurred. This has serious implications for staffing our colleges and universities now and in the future. I urge a significant investment in this program.

III. INSTITUTIONAL AID

I strongly endorse Congressman Simon's initiative to include in his proposals for Title III, the Black College and University Act. This Act responds to the continuing need for direct assistance to historically black institutions—particularly for construction, maintenance or rehabilitation of classroom, library and laboratory facilities.

I believe there is a particular need for assistance to academic and professional programs where black Americans are underrepresented. As the only historically black college with a School of Veternary Medicine, Tuskegee Institute is particularly eager to bring to the attention of this Committee this especially difficult problem.

In 1980, of the 34,000 veterinarians in the United States, only 533 or 1.6 percent were black. Along all of the health professions, veterinary medicine has the smallest representation of blacks. Tuskegee Institute has trained over 90 percent of all black veterinarians, including 99 percent of those located in the South.

Training students who may well be both financially and educationally disadvantaged places a particularly difficult financial burden on a school of veterinary medicine. The cost of training one student exceeds $20,000. Tuskegee's tuition for 1983-84 was $3,600. Tufts University, one of two other private veterinary schools in the country, charges $18,000 a year. Tuskegee Institute's fees are approximately one-sixth the cost of training, as calculated by the Council of Deans, Association of American Veterinary Medical Colleges (AAVMC).[2]

In addition to financial aid, Tuskegee Institute must also provide a comprehensive academic reinforcement program. Many students must receive assistance through a structured program of pre-entry academic enrichment and post-admission supportive services to insure their retention. These programs require special laboratory facilities, auto tutorial/audio visual aids, low faculty-student ratios, faculty and student tutors, and special counselors. The cost of these special programs places a considerable strain on the school's budget, but the programs are necessary in view of the unique mission of the School of Veterinary Medicine.

I would recommend that the Tuskegee Institute School of Veterinary Medicine be included with the graduate and professional schools eligible for specialized program grants under Section 326. While the School of Veterinary Medicine is located within the administrative structure of Tuskegee Institute, the special financial burden which I have described above makes it essential for the school to have additional assistance tailored to its needs as a professional institution.

IV. CONCLUSION

Support for higher education is one of the greatest investments that can be made by individuals, by families, by businesses, and by government. In undertaking to make a thorough review of the Higher Education Act of 1965, Congressman Simon has performed an extremely constructive task. He has set a very high level for dis-

[1] U.S. Department of Commerce, Bureau of the Census, Money Income of Households, Families, and Persons in the United States, 1981, March, 1983, Table 47. "Education and Total Money Income in 1981—Persons 25 Years Old and Over, by Age, Race, and Sex."

[2] Association of American Veterinary Medical Colleges, Comparative Data Report, 1981-82.

cussion of reauthorization. He has courageously proposed needed programs such as the Black Colleges and Universities Act. He has discussed and debated his proposals throughout the higher education community. I believe we are off to a timely and positive start for the reauthorization process.

As we continue this discussion regarding the future of the nation's higher education programs, let us remind ourselves that this country is frighteningly at risk because of the economic conditions of millions of black and brown families. Unemployment rates of over 20 percent among black adults threaten to destroy the very basis for hope and aspiration. Moreover, as the gap between the median income of black and white families continues to widen, from 61 percent in 1970 to 55 percent in 1982, equality as a goal begins to lose credibility and is increasingly supplanted by cynicism and despair. Yet blacks and browns are the most rapidly growing populations in our society. Failure to address the causes of their despair increases the possibility of loss of faith in basic values which underpin our society. I earnestly believe that the provision of education to these young people, particularly through the strengthening of historically black colleges, can turn them into America's most productive citizens.

Thank you very much for giving me the opportunity to share these views with you.

STATEMENT OF DR. BENJAMIN PAYTON, PRESIDENT, TUSKEGEE INSTITUTE

Dr. PAYTON. Thank you, Mr. Chairman. I am Benjamin Payton, president of Tuskegee Institute, Tuskegee, AL. Located in central Alabama, Tuskegee is a complex university with an enrollment of some 3,600 students. It offers 45-degree granting undergraduate programs and 29 graduate programs. Its current programs are concentrated in seven major schools—agriculture and home economics, arts and sciences, business, education, engineering and architecture, nursing and allied health, and veterinary medicine.

I am pleased to have been invited today to participate in this discussion on higher education and on funding for higher education in the proposed fiscal year 1985. I have spent most of the past 20 years professionally engaged in the field of higher education, including 5 years as president of Benedict College in Columbia, SC, and 10 years as program officer for education and public policy at the Ford Foundation. What I want to do is share with you some observations of mine based on these experiences.

I would like first to comment on student aid. The President's fiscal year 1985 budget has placed emphasis on the concept of self-help. Under this concept, a student and his family would have to provide a minimum of $500 or 40 percent of the cost of college education before the student would be eligible for a Pell Grant. Federal loans and work-study funds could be used in satisfying this minimum.

Administrators of historically black colleges know that their students and their families have always followed the concept of self-help. This self-help pattern is well known and well documented. But let me just share with you a personal experience.

I am a graduate of a historically black college. My father was a rural Baptist minister whose earnings were very limited. All nine of the children in my family were graduated from black colleges. In addition, four earned master's degrees and two earned the Ph.D. degree at major research universities. All of us found that our undergraduate at black colleges prepared us well for rigorous advanced training. In my own case, I graduated from a black college and then earned three post-baccalaureate degrees at Harvard, Co-

lumbia and Yale. I see this pattern—this is the point—I see this pattern repeated again and again in students at Tuskegee Institute, many of whom have even fewer resources than did my family.

Statistical data illustrate the aggregate pattern of spending for black higher education. These data show that black families have consistently made a far greater sacrifice for higher education than white families. For example, in 1976, 38 percent of black families with incomes below $10,000 had at least one family member in college. Only 8 percent of white families in this income category had a family member in college. In 1981, applicants to United Negro College Fund members schools had a median income of only $13,700. The median income of students applying to colleges nationally was $26,800.

These data also suggest that the typical family of a black college student simply does not have enough money to spend more than it is already spending for higher education. The United Negro College Fund has estimated that black families are already providing 37 percent of their children's education costs through parental contributions and student summer employment, work study and loans. Bureau of Labor Statistics data show that in 1981, a family with a total budget of $15,323 ended up with only $644 left over after allowances for the amount that would be required for food, housing, transportation, clothing and personal and medical care.

Note also that in 1981, 55 percent of black families earned less than this $15,323.

So the availability of loans and work study to assist students in raising the 40 percent does not appear to be a realistic solution for poor students. At Tuskegee Institute and many institutions, only a limited number of work study jobs are available. Further, the Bipartisan National Commission on Student Financial Aid expressed concern over the increased levels of indebtedness among low-income students, even under the current system.

There must be an appropriate balance among work study, loans and grants. I believe that Congressman Simon has worked hard to achieve that balance. I particularly welcome the Congressman's efforts to end the annual uncertainty that surrounds the award of Pell Grants by making the Pell Grant an entitlement.

In endorsing this proposal, I am fully aware of the current national concern over our nearly $200-billion-budget deficit. This is a cause of alarm for every citizen and it means that we face hard choices as to where cuts shall be made. But even in this difficult economic climate I believe we must find a way to make a greater commitment to invest in the future of our young people. I would hope that the committee would give very careful consideration to giving the Pell Grant a simpler and more secure legislative base.

I cannot emphasize too strongly the importance of continued full support for the TRIO programs. Upward Bound, Talent Search, Special Services, and the related programs which comprise TRIO provide low-income, first generation college students with the counseling, tutoring and basic information they need to enter and complete college. The 50-percent cut in this program recommended in the President's 1985 budget proposals would have a tremendously negative impact.

Just let me illustrate to you how important it is to reach these young people. In 1981 a black male high school graduate had a median income of $12,349. Three years of college could increase his income to $14,657. Completion of college would take him up to $17,253. In that same year, however, a white male high school graduate could start out earning $17,548—almost $300 more annually than the black male college graduate.

Now what these figures clearly show is the differential impact of the denial of an opportunity for higher education to black youth. Since a black male has to complete college in order to earn as much as a white male high school graduate, the denial of access to higher education can exact a tremendous social cost. It is therefore vital that we maintain vigorous outreach programs such as the TRIO programs to reach these youth. I would illustrate this further by a reference again to Tuskegee. The Tuskegee Institute's former legal counsel, a graduate of the Harvard Law School, was initially discovered as a Tuskegee high school student through the Institute's Talent Search Program.

Finally, I welcome the support Congressman Simon has recommended for an emphasis on the neediest students in the Graduate and Professional Fellowship Awards Program. The Graduate and Professional Opportunities Program has been important to minority students. Because of the large loan obligations incurred during their undergraduate years, however, an alarming decline in the numbers of blacks going on to graduate and professional school has occurred. This has serious implications for staffing our colleges and universities now and in the future. I urge a significant investment in this program. I might add that I hope the committee would not begin to see the development and expansion of need-based programs as a counterpoint to programs that are merit based.

I would also hope the committee would not begin to view expanded assistance to black colleges as something that competes with every white college. I certainly hope that my colleges in these institutions would not view it that way.

The fact of the matter is merit-based programs all too frequently are simply correlates for upper income families and support for such families. We must balance that with continued expansion of genuine opportunity for talented, young people who come from low-income families. That has been the specialty of the historically black colleges. It's not a matter of need versus merit. It's a matter of making certain that the talent and the merit that exists across the spectrum of social and racial groups in our society, that that talent can rise.

On institutional aid, I strongly endorse Congressman Simon's initiative to include in his proposals title III, the Black College and University Act. This act responds to the continuing need for direct assistance to historically black institutions, particularly for construction, maintenance, or rehabilitation of classroom, library, and laboratory facilities. I believe there is a particular need for assistance to academic and professional programs where black Americans are underrepresented. As the only historically black college with a school of veterinary medicine, Tuskegee Institute is particularly eager to bring to the attention of this committee this especially difficult problem.

In 1980, of the 34,008 veterinarians in the United States, only 533 or 1.6 percent were black. Among all of the health professions, veterinary medicine has the smallest representation of blacks. Tuskegee Institute has trained over 90 percent of all black veterinarians, including 99 percent of those located in the South.

Training students who may well be both financially and educationally disadvantaged places a particularly difficult financial burden on a school such as our school of veterinary medicine. The cost of training one student exceeds $20,000. Tuskegee's tuition in 1983-84 was $3,600. To compare, Tufts University, one of the two other private veterinary schools in the country, charges $18,000 a year. Tuskegee Institute's fees are approximately one-sixth the cost of training, as calculated by the Counsel of Deans, Association of American Veterinary Medical Colleges.

In addition to financial aid, Tuskegee Institute must also provide a comprehensive academic reinforcement program. Many students must receive assistance through a structured program of pre-entry academic enrichment and postadmission supportive services to ensure their retention. These programs require special laboratory facilities, audio/tutorial/audio visual aids, low faculty-student ratios, faculty and student tutors and special counselors. The cost of these special programs places a considerable strain on the school budget, but the programs are necessary in view of the unique mission of the school of veterinary medicine.

I would therefore recommend that the Tuskegee Institute's School of Veterinary Medicine be included with the graduate and professional schools eligible for specialized program grants under section 326. While the school of veterinary medicine is located within the administrative structure of Tuskegee Institute, the special financial burden which I described above makes it essential for the school to have additional assistance tailored to its needs as a professional institution.

My concluding remarks are these, Mr. Chairman. Support for higher education is one of the greatest investments that can be made by individuals, by families, by businesses, and by government. In undertaking to make a thorough review of the Higher Education Act of 1965, I believe that Congressman Simon has performed an extremely constructive act. He has set a very high level for discussion of reauthorization. He has courageously proposed needed programs such as the Black Colleges and Universitities Act. He has discussed and debated his proposals throughout the higher education community. I believe we are off to a timely and positive start for the reauthorization process.

But as we continued this discussion regarding the future of the Nation's higher education programs, we must remind ourselves that this country is frighteningly at risk because of the economic conditions of millions of black and brown families. Unemployment rates of over 20 percent among black adults threaten to destroy the very basis for hope and aspiration.

Moreover, as the gap between the median income of black and white families continues to widen, from 61 percent in 1970 to 55 percent in 1982, equality as a goal begins to lose credibility and is increasingly supplanted by cynicism and despair. Yet, blacks and browns are the most rapidly growing populations in our society.

Failure to address the causes of their despair increases the possibility of loss of faith in basic values which underpin our society.

I earnestly believe that the provision of education of these young people, particularly through the strengthening of historically black colleges, can turn into America's most productive citizens.

Thank you, Mr. Chairman, for giving me this opportunity to share my views with you.

Mr. PENNY. Thank you, Dr. Payton. Last on our panel of presidents is Dr. Eileen Farley, President of the Bristol Community College; Dr. Farley?

[Prepared statement of Dr. Eileen Farley follows:]

PREPARED STATEMENT OF EILEEN T. FARLEY, PRESIDENT, BRISTOL COMMUNITY COLLEGE, FALL RIVER, MA

Mr. Chairman, my name is Eileen Farley. I am President of Bristol Community College, Fall River, Massachusetts. I am a substitute for Dr. Dean Lillie, president of Colorado Mountain College, who could not be here today because of illness.

First, I want to thank you for the opportunity to testify from the perspective of a community college administrator before your Subcommittee on a bill that is most important to our colleges, and, I would submit, to the future of this country. I am speaking today for myself and as a member of the American Association of Community and Junior Colleges/Association of Community College Trustees Joint Commission on Federal Relations.

Second, I want to thank you personally for the outstanding leadership you are asserting not only in preparing this new, exceptionally sensitive higher education bill but also for the brilliant direction you have set for higher education in this country over the past several years.

We could not agree more with the three pillars upon which your new legislation rest: expanding access to postsecondary education, improving program efficiency, and enhancing quality. These objectives are precisely what community, technical, and junior colleges are about. We are exceptionally pleased to find our specific endeavors and sensibilities reflected in your legislation.

Third, I would like to react to several different parts of your draft legislation. Mr. Chairman, for community colleges the centerpiece in the Higher Education Act is Title IV, Student Aid, and the most significant part of this centerpiece is the Pell Grant program. With you, we believe that this program should be viewed as an entitlement for any American who wishes to participate in higher education, that the application procedures should be simplified so that they are more understandable to students (as well as to administrators), and that the timetable for sharing information about the program ought to be advanced so that college officials can study the details and prepare lucid explanations of them for students.

I know that I do not have to define for you, Mr. Chairman, the importance of this Title for community colleges, but for the record, allow me to offer the following details:

Of the 2.6 million students who benefit under the Pell Grant program, nearly two-thirds (or about 1.7 million persons) attend public two- and four-year colleges; and nearly 63 percent of this number come from families with annual incomes below $8,000. Looking exclusively at community, technical, and junior colleges, more than 80 percent of our students come from families with $8,000 in annual income or less. Only 6 percent of our students come from families with incomes over $16,000.

Our colleges enroll 55.5 percent of all Hispanic students in higher education in this country and 44.4 percent of all Black students—minority groups that have been insufficiently represented in higher education for many years. Our colleges open the doors of opportunity for them. Another group of students to which community colleges cater are women; more than half of our credit student body this past year—the total number is very nearly 5 million students, Mr. Chairman—were women.

And we provide learning opportunities to adults, a group, according to all the demographic data, that will comprise the fastest growing portion of higher education students for the years ahead. The average age of our student body is approximately 28 years old. In fact, the general characteristics of our student body include the following details: it is female, enrolled in credit programs part-time, working full- or part-time jobs, participating in occupational/technical progams, commuting to college, and, in effect, working their way through college.

They are, in fact, the very people the Pell Grant program was designed to involve in our higher education institutions. Yet, they have suffered, as you know, over the past few years (11 to be precise) under the fixed maximum placed on the program. Since 1979, the portion of the all educational costs that the maximum allowed under the program fell by 15 percentage points—from 46 percent of costs in 1979 to 34 percent of costs this past year. And this is during a period when average college costs have increased by 10 percent per year in many institutions. Unless the cap is increased, the portion of full costs that the grants cover will continue to fall with the result that many of the individuals who are targeted for this program will be denied—a phenomenon that some institutions are already reporting as the result of the deterioration of the grants' actual value.

We firmly support your effort to advance the maximum possible award to $3,000, and to provide mechanisms by which the maximum will increase automatically on an annual basis, to coincide with increases in the costs of education.

We also support your effort to eliminate the half-cost limitation of the Pell Grant program, and your move to increase the allowance for tuition and fees to 75 percent of costs. The differential you propose, however, for calculating allowances for living costs causes us some concern. There is evidence that the costs of living on campus are about the same as those required to live off campus. Proposing differentials of $400 (off campus) and $800 (off campus with parents) is not consistent with cost figures that we have seen. We would be much happier were the Act to include provision of an allowance of at least 60 percent of total living costs for all students—on campus or off campus (in whatever living arrangement).

Mr. Chairman, community college students, as you know, have been penalized traditionally under this program in two ways: attending lower cost institutions and thereby qualifying for the maximum Pell award, even though the cost of this education was higher than the maximum award; and receiving less living allowance because they are commuting students when the costs of the two situations are fairly similar. We hope that your bill will eliminate these inequities.

We are pleased too, Mr. Chairman, that your bill includes a definition of "independent" student that reflects the fact that such students are adults and should be spared the need to prove their independence. Your definition will serve to speed up the eligibility procedures and to recognize the maturity of adult applicants.

Finally, Mr. Chairman, on Title IV, I have some concerns about lumping Work-Study and Cooperative Education together and then permitting the use of work-study students to tutor functionally illiterate adults. To avoid confusion between the programs and to permit them each to retain their distinct character, I feel they should not be folded into one another. Further, I don't think it would be useful to relegate portions of work-study monies for illiteracy programs. Once a provision is made, the history of such efforts suggests, it serves as a precedent for the inclusion of other special programs; then the next step is creating a set-aside for each discrete program. I would prefer to keep the programs separate and to place special literacy training programs where they are most appropriate—the Adult Basic Education and Bilingual Education programs or, as you have done, in the Continuing and Community Postsecondary Education Title, Part B, Title I. Adult illiteracy is a significant national problem; it has social, economic, and quality-of-life implications. AACJC and ACCT firmly support the implementation of special efforts to reduce the numbers of functionally illiterate adults in this country.

Briefly, Mr. Chairman, I would like to remark about various other Titles in your bill.

I am particularly pleased with the effort you make in Title I to pressure state and local officials to coordinate programs under this Title with other related federally-supported efforts. Too often federal initiatives in response to national problems are disparate, redundant, and frequently jealously guarded by one faction or another. This characterization certainly applies to human resource development programs sponsored by the federal government—an issue that is of particular concern to community, technical, and junior colleges and the Associations that represent them. We are also pleased with the stress you place on employment training and information resources in this Title. As I have noted earlier, population data suggest that adult education and training will be in increasingly greater demand in the near future.

My concern with Title I, Mr. Chairman, is not with the specific and worthy purposes that you enunciate for it, but rather that it does not seem to stretch beyond the familiar kinds of program activities to the broader domain of institutional change. Community, technical, and junior colleges—probably better than any other kind of postsecondary institution in this country—have produced an impressive array of programs for adults and we have adjusted our instructional behavior to match the mature individuals that fill our classes. But we still need to improve our

programs and our approaches, and we need financial incentives to make these improvements. More traditional postsecondary institutions need even more help, and it is important that they too become involved intimately with adult instruction—to ensure their vitality and endurance and to serve the nation's interest. One of the important stresses in this Title, then, should be on stimulating institutional changes and instructional modifications.

As the only institutional grant program, Mr. Chairman, Title III is of special concern to our colleges. The extraordinary minority percentages that I quoted you earlier that identify minority student populations that our colleges serve also indicate our interest in this Title. As it is presently cast, the Title does not fairly recognize the contributions that community colleges have made in addressing the conditions (findings) to which this Title points. Further, it does not propose solutions to the consistent history of poor program management, to the problem of institutional accountability (the program graduation issue), nor the redundancy problem (the absence of a national mechanism that could serve as a program memory, a provider of technical assistance, and a resource for speeding the development process). We also have some concerns about the eligibility formula involving Pell Grant averages, for it tends to favor higher-cost institutions, even within categories composed of similar types of institutions.

We feel the focus in Title III should fall on institutions that serve low-income students, on institutions that make unique contributions to the mix of higher education in this country because of their location and their student body, and on such institutions that are in danger of dissolution because of certain weaknesses—ones that can be redressed with the flow of federal assistance for a specific period of time, and no longer.

Mr. Chairman, we strongly endorse the details you offer in Title VI, believing with you that we continue to ignore the importance of international education at our own risk.

And finally, we vigorously support the renewal of the Cooperation Education program, Title VIII, which has proven so valuable in giving students the benefits of work experiences that help them relate their course work to specific career pursuits.

Thank you for the opportunity to share my thoughts with your Subcommittee.

STATEMENT OF DR. EILEEN T. FARLEY, PRESIDENT, BRISTOL COMMUNITY COLLEGE

Ms. FARLEY. Thank you, Mr. Penny and members of the committee. My name is Eileen Farley. I am president of Bristol Community College in Fall River, MA. I am substituting this morning for Dr. Dean Lillie, president of Colorado Mountain College, who could not be here today because of illness.

First, I want to thank you for the opportunity to testify from the perspective of a community college administrator before this subcommittee on a bill that is most important to our colleges and, I would submit, to the future of this country. I speak today for myself and as a member of the American Association of Community and Junior Colleges and the Association of Community College Trustees Joint Commission on Federal Relations.

Second, I want to convey the community colleges' recognition and great appreciation of the outstanding leadership of Chairman Simon on asserting not only his leadership in preparing this new, exceptionally sensitive higher education bill, but also for the brilliant direction he has set for higher education in this country over the past several years.

We could not agree more with the three pillars upon which your new legislation rests: expanding access to postsecondary education, improving program efficiency, and enhancing quality. These objectives are precisely what community, technical, and junior colleges are about. We are exceptionally pleased to find our specific endeavors and sensibilities reflected in your legislation.

Third, I would like to react to several different parts of your draft legislation. For community colleges, the centerpiece in the Higher Education Act is, of course, title IV, student aid; and the most significant part of this centerpiece, as far as we are concerned, is the Pell Grant Program. With the committee, we believe that this program should be viewed as an entitlement for an American who wishes to participate in higher education.

We believe that the application procedures should be simplified so that they are more understandable to students as well as to administrators and that the timetable for sharing information about the program ought to be advanced so that college officials can study the details and prepare proper explanations of them for students.

I know that I don't have to describe for this committee the importance of this title for community colleges but for the record, allow me to offer some of the following details. Of the 2.6 million students who benefit under the Pell Grant Program, nearly two-thirds, or about 1.7 million persons attend public 2- and 4-year colleges and nearly 63 percent of this number come from families with annual incomes below $8,000. Looking exclusively at community, technical and junior colleges, more than 80 percent of our students come from families with $8,000 of income or less and only 6 percent of our students come from families with incomes over $16,000.

Our colleges enroll 55.5 percent of all Hispanic students in higher education in this country and 44.4 percent of all black students—minority groups that have been insufficiently represented in higher education for many years. Our Colleges open the doors of opportunity for them. Another group of students to which community colleges cater are women. More than half of our credit student body this past year—the total is very nearly 5 million students—were women.

We provide learning opportunities to adults, a group, according to all of the demographic data, that will comprise the fastest growing portion of higher education students for the years ahead. The average age of our student body is approximately 28 years old. In fact, to give you the general characteristics of our student body, it is female, enrolled in credit programs part-time, working full- or part-time jobs, participating in occupational/technical programs, commuting to college and, in effect, working their way through college.

They are, in fact, the very people the Pell Grant Program was designed to involve in our higher education institutions. Yet, they have suffered, as you know, over the past few years under the fixed maximum placed on the program. Since 1979, the portion of all educational costs that the maximum allowed under the program fell by 15 percentage points—from 46 percent of costs in 1979 to 31 percent of costs this past year. And this is during a period when average college costs have increased by 10 percent per year in many institutions. Unless the cap is increased the portion of full costs that the grants cover will continue to fall with the result that many of the individuals who are targeted for this program will be denied access—a phenomenon that some institutions are already

reporting as a result of the deterioration of the grant's actual value.

So we firmly support their effort to advance the maximum possible award to $3,000 and to provide mechanisms by which the maximum will increase automatically on an annual basis to coincide with increases in the cost of education.

We also support your effort to eliminate the half cost limitation of the Pell Grant Program and your move to increase the allowance for tuition and fees to 75 percent of costs. The differential you propose, however, for calculating allowances for living costs causes us some concern. There is evidence that the costs of living on campus are about the same as those required to live off-campus. Proposing differentials of $400 and $800 for off-campus and off-campus living with parents, respectively, is not consistent with cost figures we have seen. We would be much happier were the act to include provision of an allowance for at least 60 percent of total living costs for all students on-campus or off-campus in whatever living arrangement.

Community college students, as you know, have been penalized traditionally under this program in two ways—attending lower cost institutions and thereby not qualifying for the maximum Pell award, even though the cost of this education was higher than the maximum award, and then receiving much less living allowance because they were commuting students when the cost of the two situations are really fairly similar.

We would hope that this bill would try to eliminate these inequities. We are pleased, too, that H.R. 5240 includes a definition of "independent student" that reflects the fact that such students are adults and should be spared the need to prove their independence. Your definition will serve to speed up the eligibility procedures and to recognize the maturity of adult applicants.

I would like to comment briefly about several other titles in the bill. We are particularly pleased with the effort you make in title I to pressure State and local officials to coordinate under this title with other related federally supported efforts. Too often, Federal initiatives in response to national problems are redundant and uncoordinated and frequently jealously guarded by one faction or another. This characterization certainly applies to human resource development programs sponsored by the Federal Government—an issue of particular concern to community and junior colleges and the associations that represent them.

We are also pleased with the stress you place on employment training and information resources in this title. As I have noted earlier, population data suggests that adult education and training will be in increasingly greater demand in the near future.

We are pleased, too, to see new initiatives to promote solutions to the grave problem of adult illiteracy. In my own community, for example, for a third of the population our college serves, English is not the primary language of the household and only 35 percent of the population have graduated from high school, according to the 1980 census.

With respect to title III as the only institutional grant program, we are particularly concerned with this title. The extraordinary minority percentages that I quoted to you earlier that identify mi-

nority student populations that our colleges serve also indicate our interest in this portion of your bill.

As it is presently cast, the title does not fairly recognize the contributions that community colleges have made in addressing these conditions. Further it does not propose solutions to the consistent history of poor program management to the problem of institutional accountability nor the redundancy problem—the absence of a national mechanism that could serve as a program memory, a provider of technical assistance and a resource for speeding the development process.

We are also concerned about the eligibility formula for this program involving Pell Grant averages for it tends to favor higher cost institutions, even within categories composed of similar types of institutions.

We feel the focus in title III should fall on institutions that serve low-income students, on institutions that make unique contributions to the mix of higher education in this country because of their location and their student body and on such institutions that are in danger of dissolution because of certain weaknesses—ones that can be redressed with the flow of Federal assistance for a specific period of time, and no longer.

Finally, we strongly endorse the renewal of the Cooperative Education Program, title VII which has proven so valuable in giving students the benefit of work experiences that help them relate their course work to specific career pursuits.

I appreciate the opportunity to share my thoughts with the subcommittee.

Mr. PENNY. Thank you, Ms. Farley.

Several comments this morning centered on the reduction in the number of undergraduates who are immediately moving on to graduate school. The testimony indicated that the competition with the private sector offering attractive salaries is the major culprit. I would be interested in any additional comments that those of you involved in graduate programs might have to offer on how we can stem that flow of our best graduates moving into the work sector rather than continuing in school in attaining a higher degree. I would also like to know if you have any statistics to demonstrate how many of those students, once out of the school system, do come back at a point in the future to obtain a degree.

Dr. JORDAN. Mr. Penny, I think there is a very real problem in what you have just said. The Nation's institutions of higher education who carry on graduate activity and research face a very real shortage, as my colleague from Cornell pointed out, first of all, of faculty members in the engineering and scientific disciplines as well as in some areas of business administration, for example. The truth of the matter is that many students who, 10, 15 years ago, would have moved steadily into a Ph.D. program and thus into faculty positions in colleges of engineering, colleges of science and colleges of business, particularly, now go directly from the baccalaureate into the corporate or industrial world for a couple of reasons—first of all, because of competitive salaries and second, because—and most important to these hearings this morning—because of a reduction in student aid available for graduate students, and third, because in the scientific disciplines frequently the opportunity to

participate in other university-type activities has been increased in the corporate and in the private sector.

A subhead under the question you raise relates to the fact that, as Dr. Rhodes pointed out, we have a terrible shortage of minority faculty members in all disciplines on major university campuses. This has a very curious effect in that there is a notable lack of minority role models for undergraduates who might indeed be attracted into graduate school were they to be able to see minority role models on our faculties. It is a very real problem. I do not have statistics as to those who eventually come back to graduate school, but I think you can be assured that it is not a large number.

Dr. PAYTON. I would just like to first agree with my colleague from Pennsylvania and stress, and underscore the importance of the growing amounts of indebtedness through loans that students are incurring during their undergraduate years. That is having a very, very damaging effect. They are leaving college already with a burden of debt loan—particularly those who are black and Hispanic—who come out of their poor backgrounds and whose families are awaiting their entry into the job market to help.

But second, I think it also illustrates the importance of such schools as the historically black colleges where you do have critical masses of role models, where we are able to find them in spite of their limited supply and where you will find that over the years 75 to 85 percent of all of the blacks out there who do serve as role models are graduates of our schools. I think you have identified a very important issue.

The issue of competition with industry is crucial. How we can get college and university salaries, to some extent, competitive, I really don't know. I suspect it's going to require some rearrangements in terms of the relationship between business and industry and higher education. Some of those things I am beginning to see happen, but that's a very real dilemma for our programs.

Mr. PENNY. Dr. Rhodes, do you want to respond to that?

Dr. RHODES. Mr. Chairman, I would agree with everything that Dr. Payton and Dr. Jordan have just said and maybe add just one more thing. I think this is not only a critical problem for the universities and colleges in terms of maintaining their graduate programs and especially recruiting new faculty members. I think it's a very serious problem for the Nation because recruiting somebody at the baccalaureate level into an engineering company or a manufacturing company doesn't give the kind of capacity for long-term research development on which our productivity and competitiveness depend.

I think there are two things you can do and I don't think we have any right to come to you and simply say, "We want more of everything." The two most critical things you can do for us are, first of all, to fund an adequate number of national graduate fellowships based on merit and pay particular attention to the desperate need we have to encourage minority applicants.

Point one, national graduate fellowships, merit-based. Point No. 2, the instrumentation and facilities. There are literally some kinds of research that it's no longer possible to do adequately in universities because we have fallen behind in equipment. We hope you can help us for that on some kind of matching basis.

That leads to the next question that I wanted to ask and it has to do with a partnership arrangement to allow for the funding of the acquisition of current practice equipment by both government and private sector moneys. How would you envision the most effective cost share program? If you were in a position to design that cost share arrangement, what do you think would be the most effective way to see to it that we moved quickly to fund those purchases?

Dr. RHODES. I hope what you will consider, Mr. Chairman is, first of all, that I think that that has also to be merit-based. I think if you simply spread your help geographically in what I would know would be a prudent political way to do it in some respects, you will not really get the full benefit of the investment. Just as we are looking for merit in our graduate institutions, we must recognize merit in the institutions. We must look at both the pony and the stable, as one of my colleagues said some time ago, because the number of universities doing truly frontier work in research is not great. If those fall behind, then all will fall behind.

The second thing I would want to say is that I think you have several models—an increasing number of models—where universities and industry are already now in partnership. Let me just give you one example. Biotechnology is vital to the future prosperity of this country. We have established in the last 6 months at Cornell University a partnership with three corporations in biotechnology where each of those corporations is contributing $2.5 million to a program and where their scientists work at the bench with our scientists.

But overall, corporations contribute only about 3.5 percent of the total research costs of universities and colleges. We might hope that would increase over the coming years to something between 5 and 10 percent, but they will never displace the Federal Government and I think the pattern that you have set of requiring matching support from colleges and universities is a sound one.

I have just two suggestions to make in relation to it. The first is that the 50-50 match in relation to some pieces of equipment is simply not realistic because some of it is so unusual in its capacity that even industry doesn't foresee all of the possibilities. I hope there might be some flexibility in the rather rigid 50-50 match that we have at present.

Second, I would hope that you would recognize that the ceiling is now a very low one and is really inadequate for the kind of rebuilding of the research capacity that we now face. I don't have the competence to suggest to you what that ceiling should be, but I do know that the present level of funding is not enough to help us.

Mr. PENNY. Thank you. Dr. Jordan, do you want to answer that as well?

Dr. JORDAN. Yes, Mr. Chairman.

I do not disagree with anything Dr. Rhodes said. I would point out that the new environment in this country for cooperative endeavors between the private sector and the universities is increasing and we have some exemplary models. Dr. Rhodes mentioned one. I would also mention in the State of Pennsylvania the Ben Franklin partnership which is a three-way partnership between State government, universities, and private industry, which has the virtue of creating new research and job training opportunities as

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well. It has funding from State government, from the university and from the private sector.

I would cite as a very large and brilliant example the relationship between Monsanto and the Washington University of Saint Louis, where very major R&D efforts are underway as joint enterprises.

This new activity represents a remarkable new resource for the country in terms of research and development opportunities.

Mr. PENNY. Thank you for your responses. I have several questions on how we respond to the financial needs of nontraditional students, but I know that's an area that Congressman Gunderson has also been pursuing in these hearings. So I will defer to him the privilege to ask those questions. But I do want to indicate that your response, Dr. Rhodes, to the need for us to be selective in targeting our assistance to a handful of universities that are intensively involved in research and, therefore, in need of modern day equipment parallels the response I got from land grant representatives before the Agriculture Committee not too long ago when I asked, "How best can we assist the land grant colleges in their agricultural research?" They said, "Realizing the limitations on resources, you ought to merit-base that assistance and make some choices." But in both instances you are asking us to do something that isn't common around here and that's zeroing in and assisting certain institutions and focusing attention on those institutions and leaving others out of the picture. The pressures here don't often make that possible, but I do admire the recommendation and hope that we perhaps can summon the courage and wisdom to make those choices, because I think you are right. If we try to take the shotgun approach, we are not going to move anyone along far enough to do what we need to do to keep all of our research efforts current.

Mr. PENNY. Dr. Caputo.

Dr. CAPUTO. I think I simply can't let that point go by. I absolutely agree that the frontier research is being conducted at relatively few of the major universities in the United States, but I wouldn't want the committee or anyone else to overlook the value of research and, therefore, of research quality equipment at a typical undergraduate institution where research is an intrinsic and essential part of instruction.

If the graduates of those institutions are to be prepared to make an important contribution to science and technology at that level, if they are to be immediately employed upon graduation or if they are to be prepared to participate in an advanced graduate program, they, too, must have a share of that market. They must have those facilities and those resources available in proportion to their need.

Mr. PENNY. Dr. Payton.

Dr. PAYTON. I would just like to add quickly my agreement on the notion of selectivity and my disagreement on the notion that the Congress has not been accustomed to being selective. There's a whole range of institutions that has been historically and still gets left out and the notion of selectivity within that range of institutions hardly gets focused upon. There is much diversity among the historically black colleges. Some are research oriented and have research programs. But historically, the Congress as well as the executive branch has historically locked those institutions out.

I would urge a process of selectivity, as has been suggested here, but one that is genuinely based upon an assessment of where the talent is and not simply on the basis of arbitrary allocations of social esteem and prestige.

Mr. PENNY. Ms. Farley.

Ms. FARLEY. I would also like to respectfully suggest that research and improved research would not be the only objective of good legislation in the higher education area. I think that technician training, for example, that is done in community colleges deserves consideration for incentives to businesses to form partnerships to provide equipment also. I think that the participation of the average person in the work force will require training with good equipment in various fields and so that incentives directed to businesses to share responsibility for this upgrading of the workforce ought to be considered at that level also.

Mr. PENNY. Well, thank you all for amplifying the quandry we're in in trying to decide how to focus our limited resources. I can't dispute that the need exists at every level, but we also can't dispute that we don't have the financial wherewithal to do everything for everybody. So, in my view, there is going to have to be some selectivity, but how we respond to the need at each of the institutional levels is going to continue to be a major controversy as we move forward with those choices.

Congressman Gunderson.

Mr. GUNDERSON. Thank you, Mr. Chairman, and thank you, members of the panel, for your testimony today. I am going to disappoint the Chairman, I am going to discuss the nontraditional student area and seek out your input. I would like to ask a two-fold question in that regard. What do you see as the future of the nontraditional student on your campus or in your university and, second, would you respond as to the ability of the financial aid programs presently existing to address the unique needs of that student, and if they don't, what would you suggest as changes that ought to be considered in reauthorization?

We will conclude this questioning about 3 p.m. this afternoon when you get done with answering all that.

Dr. JORDAN. Mr. Gunderson, let me point out that Penn State University has a somewhat unique role as a major research university in that it exists in 22 different locations in the State of Pennsylvania. Those 22 locations include 17 2-year liberal arts and technical colleges which are the first 2 years of Penn State University in that two-thirds of our freshmen begin their college career in those 2-year settings around the State and move on then to one of our three locations where baccalaureate and graduate degrees are given.

Those students at the 2-year level could, in many cases, be described as "nontraditional" in the sense that they are not in residence on the campus in many cases and the allowance for cost of living as laid out in the proposal of the administration disadvantages those students in a very real way. Plus the fact that the larger public universities in this country increasingly are attracting an undergraduate either as a resident student or a nonresident student who is older than was the case 10 or 15 years ago. These are not infrequently married with families, living at home, and

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need very careful attention as to their student financial aid needs as they attend a university.

Ms. FARLEY. Well, first I would like to say that any program of aid that tends to benefit community colleges on the whole will inevitably benefit adult learners, so I would suggest that the provisions of the Higher Education Act that do benefit community colleges will have that result.

For example, the increase in the commuting allowance for students receiving Pell Grants is certainly of great benefit to adult students. Increasing the half-cost provision to 75 percent is likely to fall proportionately more to benefit adult students than others. But I would also like to mention that there are certain arenas where we have not really done the Federal job that could be done. One is in the area of day care. A large proportion of adults returning to higher education are women with children—often enough women who are receiving some form of aid to families with dependent children and, yet, provisions for aid to take care of this problem are not what they should be. So I think anything in that arena would be a great benefit to adults.

Second, I think—and I don't have any great suggestion here today—but I think that the issue of the retraining of adult workers already in the work force is an issue that needs to be addressed and one that can be probably readily addressed by community colleges if the proper financial incentives were in place. That's increasingly a problem and certainly it's a problem in the part of the country from which I come. We have a declining textile and apparel industry. There is a need for people who have been working in those industries to have incentives to return for training of various kinds. Incentives like that, I think, would go far toward dealing with some of the major problems facing the adult learners of the next decade.

Mr. GUNDERSON. Dr. Rhodes.

Dr. RHODES. Mr. Gunderson, we are a rural, residential university and so it may seem, in some respects, that we are not intimately involved in this, but let me make four brief comments about ways where we would welcome your help and interest.

The first is simply to say that many of our programs have been revolutionized in the last 10 years—the on-campus programs—because the character of the student population has changed. Let me give you just one example. It was traditional until 5 or 6 years ago for a young man or woman to leave college and go straight into an MBA program. The average age of our MBA students is now 28 because we insist on them having some experience in the world of work before they come.

The second one is more dramatic. Ten years ago the number of women involved as students in our College of Veterinary Medicine was 3 percent. Today it is 58 percent. I want simply to give those two examples to show the changes that are taking place in what were traditional students 10 years ago from those who are students today. There are three particular programs where I hope we can continue to have your interest and support.

The first is one that I would call continuing professional education in certain critical fields. If we are to solve the teaching problem in our schools, we have got to transform the skills of teachers,

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both those who already teach and those who might be in industries who would have the willingness to become teachers and have the background knowledge to do it, but not the training. I am thinking of people in their fifties, for example, who might leave a career in engineering or a similar field to teach science or math in schools for 5 to 10 years.

It does seem to me that there may be a possibility of a new kind of partnership there between the Federal Government, industry, and the universities.

A second category that's a very important one to us is the work of the Cooperative Extension Program. Cornell is an independent university, but it's also the land grant institution of the State and we have cooperative extension agents in every county of the State of New York dealing not only with agricultural problems and with rural problems but also in the South Bronx dealing with problems of housing and nutrition.

The continuing Federal support of those programs is of enormous importance to the work that people do there.

The third kind of program that I want to mention is one that is widespread in the industrial parts of the State in which we are involved and that is a program mounted by the School of Industrial and Labor Relations that has training for both unions and management in labor relations across the board. It's a program that is sponsored partly by the unions, but the whole challenge to get management and labor working effectively together is one that merits continuing Federal interest.

Those, if you like, are nontraditional programs, but I hope they are ones that will have your interest and support.

Dr. PAYTON. I, too, am very pleased to have this question coming to us, Mr. Gunderson. The whole concept of an education based upon reaching out to those who have not traditionally been involved is a concept, as you well know, that lies behind the founding of a number of American institutions and, indeed, in one way, makes American institutions of higher education quite distinctive in the whole international sphere of higher education.

The whole concept of land grant institutions, which some of my colleagues share with Tuskegee Institute, grows out of that fission. At Tuskegee Institute, for example, founded the place on the notion of the need for a kind of education that was not in his words, "alien to the needs of the people," and by the people, he did not mean the privileged few. He meant some way to extend the benefits of education to the masses and that's how our place got started.

I would like to make two specific suggestions that are going to be very important if we are going to reach sigificant numbers of what we call nontraditional, and in the process, I want to at least put a few boundaries around that term "nontraditional." Some use it to mean those who are minorities, those who are disabled, those who are women and those who are adults. I would hope that in the course of looking at this that you would not confuse this with the tremendous job that has already been done and has been being done for some time now with respect to some of these populations. Blacks or disadvantaged in some minds would be nontraditional.

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What they have done is they have acted in nontraditional ways in terms of securing the higher education and have done it very well.

But one area that I think needs great attention and help from the Government and from the private sector is the area of making the new computer technology available as an instrument for spreading knowledge and the dissemination of new knowledge more broadly. Here we have the instruments of a real revolution that has occurred in our society and I think it could, if properly used, decrease the cost of extending education out to those who are not residents on the campus.

Second, I think there is a need to look very hard the fact that in a real sense we are a global village, this world of ours, and not often enough do we include international programs in our concept of outreach. I think it's very important that American citizens, not just American students—that the kind of education that we make available to American citizens include those ingredients that broaden their concept of the kind of world we are in and that deepen their notions of the kinds of people we are, and therefore, how we have to live in this world. So international education and the extension of programs in that field, I think, are very important.

Finally, I see the need for the introduction of what I would call field-based experiences in learning in the traditional programs, because so frequently the nontraditional programs are based upon what so-called normal offerings are in colleges and universities. I think our students need to have more of what some of you do as Congressmen. For example, you take the intern program that you have in your offices with college students. I think we need to find ways to put behind academic training of youngsters, a field experience, no matter what the field is so that they, in the process of getting an education, also get a kind of encounter with nontraditional forms of education that are very important for their maturation and development.

Thank you.

Mr. GUNDERSON. Dr. Caputo.

Dr. CAPUTO. Mr. Gunderson, as I mentioned briefly in my testimony, Millersville University is one of 14 State-owned universities in the Commonwealth of Pennsylvania. Those institutions are spread across the Commonwealth, sprinkled, I think, in ideal locations to serve the population base of the Commonwealth. We each unique and different, but I think in many ways we are similar. We are observing at Millersville an increase in our enrollment in evening programs, in night courses and therefore, responding to that demand by offering still more sections and more courses and more degrees in the evenings and on weekends and in the summer and such programs as the Elder Hostile. I think that there's no question that we are seeing an increase in the nontraditional student as a percentage of the student body and are responding accordingly.

Indeed, we are about to embark on a program much of the kind that President Rhodes described—that is, the offering of a certificate opportunity to those currently in technical industries, in business, who wish to perhaps to retire early or leave that field for some personal reason and embark on a teaching career in high school. That's an initiative now being taken by the Department of

Education in Pennsylvania. Addressing the specific financial aids of those students is a topic that I am not prepared to address, but it's certainly an interesting question and one that I would like to look at.

I am not familiar personally with the particular needs of that group of students and the way in which we can respond to that.

Mr. GUNDERSON. I would very much appreciate it if all of you would discuss with your financial aid offices that second part of the question regarding the unique financial aid programs that may or may not be needed for the nontraditional student. If you could provide either me or the committee or both of us reactions to that, I think it would be very helpful.

Ms. FARLEY. May I make just one more suggestion? I think sometimes in the administration of the financial aid programs the rulemaking of the Department of Education can fall inadvertently with more hardship on nontraditional learners than others. So, for example, some of the interpretations of how student aid should be administered reveal very traditional assumptions about who is attending college and why and what profit they are getting from their programs. So I think some attention to rules about satisfactory progress, part-time status and what kind of courses—remedial—or developmental courses, I should say, and language training for people who are not primary English speakers—these things could be attended and if carefully overseen could pave the way for making opportunities greater for nontraditional students.

Mr. GUNDERSON. I have far exceeded my time, but I do want to ask one quick question, if I can get a response from all of you in a fairly quick manner. I think it's something Dr. Rhodes said, which I have to agree with, that it would be incorrect for all to come here and just ask for more of everything. We would all like to do that but reality doesn't allow us. Could you quickly tell me what your priority would be in terms of the student financial aid reauthorization. What, to your campus, is the area most in need of attention? Just very quickly.

Ms. FARLEY. Student financial aid and the Pell Grant Program, principally, to expand the cap, increase commuter allowance costs and expand the half cost provision to 75 percent.

Dr. JORDAN. I think I would put first priority on increased student financial aid for graduate students and follow that very quickly with the Pell grant increase.

Dr. CAPUTO. I would concur with President Farley. The student aid is the centerpiece of the program. The the Pell Grant, the College Work Study Program would be our first priority.

Dr. RHODES. I would have three priorities. One is the funding and the increase in merit national graduate student fellowships. The second, linked right up at the top with that is the various initiatives we have talked about for encouraging underrepresented minority students to participate in graduate and professional education. If we don't do that, we won't have anyone to teach the undergraduates. It's that simple. Third, the increase in the Pell grant appropriation.

Dr. PAYTON. I, too, would have three priorities. First, the strengthening of the Pell Grant Program along lines similar to what has been recommended by Congressman Simon with particu-

lar interest on securing its legislative basis as an entitlement and also with respect to removing the half cost limit—increasing that to 75 percent—plus additional amounts for fees.

Second, I want a Pell Grant that ensures access. Without those kinds of funds, we will inadvertently perhaps, slip into a system of educating only the privileged few. It's one thing to have a statement that's eloquent about equal opportunity, but without the resources to make it possible we are kidding ourselves. Pell Grants provide access.

But more than access is required if students are going to be educated. There must be some schools which see themselves as having a special mission designed to ensure the success, the actual graduation of these youngsters. Too many of the nontraditional students including blacks and browns are admitted to a variety of institutions but not sufficient is put on them to help them through so that the kinds of programs, such as title III, the TRIO Program—those things are enormously important if these students are going to not only be entered but also graduated.

Finally, the Graduate and Professional Opportunities Program. I think that the need our universities have and our society has for highly trained, well-educated people at advanced levels is extremely important if we are going to do justice to our students at the undergraduate level. It's a question of, where are the faculty members for future generations going to come from unless we pay some attention to those issues in the present.

Mr. PENNY. Do you have any questions?

Mr. PACKARD. I sure would, Mr. Chairman. I am sorry that I was unable to be here for your testimony. I would have liked to have been here, but we had another committee that it was important to be in—an education hearing also.

Just a passing question before I get into what I really want to talk about. The Penn State system, Dr. Jordan, you mentioned has 22 campuses. Does the grants and aid program come to individual campuses by application or does it come to the system and then you have flexibility within the entire State?

Dr. JORDAN. It comes to the system. The student financial aid officer for the entire system resides in University Park. As a matter of fact, those 22 campuses are administered in a highly centralized way for most of the services.

Mr. PACKARD. What criteria do you use in determining how that's going to be distributed?

Dr. JORDAN. It's done on the basis of the individual student and his or her qualification for aid and need. Needs analysis and financial need is the main criterion.

Mr. PACKARD. That leads then to a question that Congressman Penny asked earlier. That is, you have criteria apparently then to assist your statewide system in distributing on an equitable basis to the 22 campuses?

Dr. JORDAN. Yes, sir.

Mr. PACKARD. And ultimately to the students themselves?

Dr. JORDAN. Yes, sir.

Mr. PACKARD. Do those criteria that you have at the State level parallel somewhat the Federal criteria in the system?

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Dr. JORDAN. My financial aid officer tells me—he describes it as a nationally approved system of need analysis. It's a standard system which has a great deal of commonality across the country.

Mr. PACKARD. I would assume then that yours is not a lot different than California's statewide system.

Dr. JORDAN. No, sir, it is not. That's correct, sir.

Mr. PACKARD. As you have implemented this kind of distribution at the State level to a variety of students and schools, do you see at the implementation level a need for changing the criteria at the Federal level, which I have to assume is somewhat of a guideline to your State system?

Dr. JORDAN. I would like to turn again, if I could, to my student financial aid officer and get him to help me with that question.

Mr. PACKARD. I guess the question is—and I might ask it of others, too or you certainly may respond if you choose—if you were to choose a criteria for selecting students to receive financial aid, if you were the body that was to determine the criteria upon which the program worked at the Federal level, what would those criteria be?

Dr. JORDAN. Well, first of all, need. I think I did caution before you came in, Mr. Packard, at the graduate level, need is not a sufficient criterion, but very careful merit selection is particularly called for there. There is, of course, merit selection for undergraduates entering the university. I think there is more emphasis on need at the undergraduate level than at the graduate level. But need certainly is the basic criterion for the first 4 years——

Mr. PACKARD [continuing]. Which provides access.

Dr. JORDAN. Yes, sir.

Mr. PACKARD. And yet, I have been hearing also in your responses that access is not the only criteria. What other criteria do you think ought to be considered in the legislation?

Dr. JORDAN. Well, certainly entrance standards which, first of all, allow a student to enter the university or not are automatically present and are matters of institutional preference and institutional decision.

Mr. PACKARD. Any response from any of the others? Dr. Rhodes?

Dr. RHODES. Mr. Packard, I want to make two small, but to us, significant points. I think access remains a priority for all of us, but I do believe that choice, just as Dr. Jordan pointed out, continues to be equally important. I am concerned that if we concentrate only student access to the lower priced institutions—price and not cost because the cost is the same, roughly, in the independent and the public. We shall deny people the opportunity to attend many independent colleges that may be well suited for them and I think of some of the religious institutions, for example, some of those with rather specialized curricula that are simply not available in the public sector.

I hope we design a program that recognizes that the cost at certain independent universities is now very great. We had an example this morning from my colleague Dr. Caputo which pointed out that the total cost of room and board at his institution next year as well as tuition, I think, is $3,400, if I remember the figure. At the institution that I serve it will be over $13,000, and that's not unusual in the comprehensive, independent universities.

So I am concerned that families as well up in the middle income group—families in the $60,000 a year group who may have two or three children in college paying $13,000 to $15,000 a year on each of them—may find unusual difficulties. I therefore hope that the rigid ceiling on loans of $65,000 might be replaced by a family needs test throughout the system which gives more flexibility and also allows not only access but choice.

Dr. PAYTON. I would just like to quickly add that I, too, think that the matter of choice and diversity are very important and the maintenance of a pluralistic system of different kinds of institutions—some independent, some public, some religiously supported, some historically black, some predominantly Hispanic, women—that this is very important in order to maintain the richness of our society, the texture of the society. That has something to do, I think, with the quality of education that people get.

I would want to make two suggestions with respect to the question, what should be the criteria? First I think that it ought to be possible to tie some of the student financial aid to the kinds of institutions that will ensure that we maintain diversity. I would think that some of the recommendations that have been made with respect to the black college bill ought to be given serious attention here particularly with respect to ensuring that students do have a real choice to attend those that are private because the costs are higher at the privates than they are at the publics.

I would think also that the Congress needs to begin to look at the whole issue of endowment, not merely as a way of supporting an institution, but as a way of reducing the difference between what institutions charge students and what it costs that institution to educate them. So that at private instutions where you tend to have endowments I think we really need to understand that at such institutions we are lowering the cost of an education for the public in general, precisely because of the hard work that goes into building and underpinning of resources that makes it possible for the public to get out cheaper, but for the student to get a better education.

Mr. PACKARD. One final question and it's an extension of Congressman's Gunderson's question and your response to his question still centered around the financial needs as you perceive your problems and what you see as the most significant need. I would like you to extend beyond that briefly and ask:

What do you see as your greatest challenges as the president or the administrator of a college or university for the remainder of the eighties and perhaps through the nineties? What do you perceive as your greatest challenge right now?

Dr. JORDAN. Mr. Packard, if I may start, I think the greatest challenge to the Pennsylvania State University is to be sure that its research equipment in the fields of science and engineering keep pace with what is happening in the development of technology and the development of highly sophisticated research, teaching equipment in science and engineering. That problem is almost an insurmountable one at a major research university.

Mr. PACKARD. Thank you.

Dr. CAPUTO. Mr. Packard, I think our major challenge in the next decade or so is to maintain the diversity of programmatic offerings which, I think, works hand-in-hand with the notion of

access. Access to what? If important and essential programs are not included in that access package, it is indeed an empty package.

I think we must maintain the diversity of programs—an extremely difficult thing to do in the face of declining student enrollments and declining State and Federal support. I think we must maintain the quality of those programs as well—an equally difficult challenge under those circumstances.

If I may, since I didn't comment earlier, to go back on the question before, a moment ago. I am not sure that I am willing to allow the notion that education in the private and the public sector costs about the same and what we are dealing with here is a difference only in price. At least I would personally challenge that and indicate that at least in some institutions in the private sector—as but one example, the student/faculty ratio is considerably lower than in the public sector and that is considered to be one of the substantial cost factors contributing to higher cost obviously. That is one of the advantages that the private sector can offer to its clientele that is not commonly available in the public sector.

Mr. PACKARD. Thank you. Ms. Farley.

Ms. FARLEY. I think the greatest challenge in my view is keeping our programs—a proper mix of programs, as was mentioned before, and keeping the programs up-to-date and of high quality. I think we face a situation where faculties are increasingly stable and are getting older and are in need of retraining. We have inadequate resources to keep equipment up-to-date in our technical programs and so I think resources are going to have to be managed very carefully to make sure that they are being applied to the right programs and delivering the right quality.

Mr. PACKARD. Dr. Rhodes.

Dr. RHODES. Mr. Packard, we have three goals and each one of them is essential. The first is a superb faculty. Unless we get that right, nothing else will follow.

I freely acknowledge that in a university like mine costs are higher and faculty ratios tend to be higher for a very simple reason. If you have an appendectomy you don't want somebody performing that surgery who has seen it only on videotape. It's a one-on-one kind of trading and we mean to continue that, if we are to continue to play our role. So I think it's misleading to compare apples and oranges in terms of costs. The research universities and the great professional training schools are going to have higher costs than some others and we must recognize that and help support it.

Second, we shall be able to recruit a superb faculty not only of talented and dedicated people, but of diversified racial and ethnic composition, if we have superb support. I had the privilege of speaking a little earlier to the question of our desperate need for Federal help for facilities and equipment. That's a major need for us—everything from computers to library to instrumentation.

Third, we have got to retain a diversified student body. We have got to have the great universities of the Nation, the best universities, the most appropriate colleges open to every group of our citizens. Alfred North Whitehead said, "The task of the university is the creation of the future," and I believe that is literally true. Access and choice are the guarantee of that.

Mr. PENNY. Dr. Payton.

Dr. PAYTON. There are four things of extraordinary importance to us at our institution, Tuskegee Institute. First, I would like adequate resources for our students—resources in the way of financial aid of the mix that ensures them real opportunity for higher education.

Second, getting, maintaining highly qualified members of our faculty. I can only underscore what Dr. Rhodes has just said because of a number of factors occurring in our society now—the danger that faces us with respect to getting in fresh talent, maintaining them, competing with the private sector. Without a first-rate factor, everything else fails.

Third, improving facilities. Most of our institutions have gone through a period of what we call deferred maintenance, and we use that as a polite way of saying that, "Look. The roof is almost falling in." But it's a serious problem—improving facilities generally, and particularly in those high cost areas that require scientific instrumentation of a kind that has to be kept up-to-date and also of a kind that is most costly of all.

Finally, I would add maintaining and improving the quality of public support not only for our institution but for higher education and this does require some investment of time, because I think in the final analysis it is the citizens of this country who will determine the extent to which our institutions will maintain themselves and will improve themselves.

Mr. PACKARD. Thank you very much. I appreciated the opportunity to hear your testimony and your answers to questions. Thank you, Mr. Chairman.

Mr. PENNY. Ms. Farley, Dr. Jordan, Dr. Caputo, Dr. Rhodes and Dr. Payton, thank you for your instructive testimony. We have one more witness for this morning's session—Edward Fox, president of the Student Loan Marketing Association. Again, thank you to the panelists and I would ask Mr. Fox to come forward.

When you are ready, proceed as you will with your testimony.

[Prepared statement of Edward Fox follows:]

PREPARED STATEMENT OF EDWARD A. FOX, PRESIDENT AND CHIEF EXECUTIVE OFFICER, STUDENT LOAN MARKETING ASSOCIATION

Mr. Chairman, members of the Subcommittee, I am pleased to appear before you to discuss H.R. 5240, the reauthorization of the Higher Education Act of 1965, and the Student Loan Marketing Association (Sallie Mae).

The Student Loan Marketing Association is a federally-chartered, stockholder-owned corporation which provides the nation's largest single source of financing for postsecondary education credit. As a financial intermediary, the corporation offers a variety of financial products and services primarily to institutions which originate insured student loans. Since beginning operations in 1973, Sallie Mae has provided over $11 billion of funds and commitments to 1,800 financial and educational institutions, state agencies and other organizations. In so doing, it has funded more than five million individual student loans.

H.R. 5240 reenacts Sallie Mae's basic charter. Therefore, I have provided a review of our activities in my testimony. Sallie Mae has undergone significant changes since the Education Amendments of 1980 and I am pleased to report to you that we are a stronger, more viable corporation that is better able to provide increased and innovative programs in support of student credit.

I. OVERVIEW

By Congressional intent, Sallie Mae is structured along traditional corporate lines, with total responsibility in the hands of the board of directors and a management team. The President of the United States appoints one-third of the 21-member board and designates the chairman from among the full membership. By statute, only financial and educational institutions are permitted to own shares of voting stock of the corporation and each group elects one-third of the board of directors.

Sallie Mae provides a broad spectrum of private and public lenders—commercial banks, thrift institutions, credit unions, educational institutions, state agencies and other lenders—with a source of liquidity. It offers such lenders the opportunity to sell student loans at cash value or to borrow additional funds to support their student lending activity by pledging existing loans as collateral, thus serving as a secondary market for student loans.

As of March 30, 1984, its direct investment of $8 billion in the GSLP in addition to outstanding commitments was equal to approximately 30 percent of all insured student loans outstanding.

Sallie Mae has worked with 1,800 lenders providing direct or indirect financial assistance to millions of students in 51 states and territories. It has assisted in financing statewide programs in 20 states and the District of Columbia.

Sallie Mae obtains funds for its operations primarily from the sale of its debt obligations. In the past it financed its activities principally through the issuance to the Federal Financing Bank (FFB) of debt obligations guaranteed by the Secretary of Education. As announced by Secretary Regan on May 7, 1981, Sallie Mae now borrows in the public markets with the guarantee of the federal government.

The corporation is expected to meet the same profit and loss standards, including a return on stockholders' equity, as a business without a government link. It pays full federal income taxes and has received no federal appropriations during its entire history. Sallie Mae has severed its ties with the federal government in connection with its funding activities. Its objective is to achieve its primary social purpose of expanding credit in support of access to postsecondary education by operating as a business organization subject to the disciplines and opportunities of the marketplace. As such, Sallie Mae considers itself to be a prototype for transforming a quasi-government organization into a private sector corporation that functions efficiently and profitably while fulfilling its original public service purposes, and taking on new ones.

1983 was marked by a number of particularly significant events for Sallie Mae. The corporation successfully completed its first public offerings of nonvoting common and preferred stock. It also significantly broadened its line of services. For the first time, the corporation provided funding for nonfederally-related student loans.

II. SALLIE MAE PROGRAMMATIC SUPPORT FOR STUDENT CREDIT

Sallie Mae, as the national secondary market for student loans, has attempted to provide support for all sectors either through traditional secondary market programs or through specialized programs designed to address a particular need for providing student credit. An examination of these programs reveals the extent of the corporation's support of the GSLP and the national objectives set forth by the Congress.

Under its Loan Sale Program, Sallie Mae offers to purchase loans made under the GSL and HEAL Programs. The Loan Sale Program provides funds so lenders and, because the corporation utilizes a network of third-party servicing agents, relieves those lenders of the administrative considerations relative to loan servicing. Through its Warehousing Advance Program, Sallie Mae provides liquidity to lenders against the collateral of their existing student loan portfolios of other U.S. Government issues or guaranteed obligations. Institutions with advances collateralized by insured student loans must either reinvest all advance proceeds into additional guaranteed student loans or maintain a specified student loan portfolio level throughout the term of the advance. Institutions offering other collateral must fully invest all advance proceeds in guaranteed student loans. Sallie Mae also provides the assurance of future funds through the issuance of forward commitments. These commitments, for both the Loan Sale and Warehousing Advance Programs, have enabled many state and private lenders to maintain lending arrangements through the assurance of continued student loan credit.

Specialized programs

Community Lender Sale Program

In 1981 Sallie Mae developed the Community Lender Sale Program specifically to meet the student loan funding needs of the smaller institutions. Since the inception of this program, Sallie Mae has negotiated over $80 million in loan sales with more than 400 institutions, each with assets less than $100 million.

Money Market Advance Program

The Money Market Advance Program was created in 1982 to augment our traditional, variable rate advance program. Under this program Sallie Mae executes a master note with the borrower with the terms ranging from one to nine months. Sallie Mae has lent $125 million through our Money Market Advance Program. This program enables Sallie Mae to transmit the cost savings realized through the issuance of discount notes directly to the borrower.

HEAL Assured Access Program

During the past three years, Sallie Mae has provided a secondary market in support of the Health Education Assistance Loan (HEAL) Program. Because of increased demand for HEAL loans in 1982 and reduced participation by the banking system, Sallie Mae has provided capital in support of a program to assure that all qualified prospective borrowers are able to obtain a loan. This program was put in place following consultation and with the support of the Department of Health and Human Services, bankers, and the appropriate educational institutions. Through December, 1983, Sallie Mae had disbursed nearly $80 million under the Assured Access Program to approximately 11,400 students attending institutions all over the United States. This represented approximately one-third of all HEAL loans originated during this period. We are also pleased to report that in the last two years Sallie Mae has executed commitment agreements to purchase HEAL loans from ten financial institutions. Offering these commitments has induced many of the lenders into the Program.

The House Energy and Commerce Committee is currently reviewing the HEAL Program and we have and will continue to work closely with that Committee on development of mechanisms for student credit for health professions.

Assured access programs for GLS and PLUS participants

Sallie Mae has provided support for assured access programs for various identified groups of GSL and PLUS Program participants. The prototype for this Program was the United Negro College Fund Assured Access Program.

In 1982 Sallie Mae joined with the United Negro College Fund (UNCF), Health Education Assistance Foundation (HEAF), and Citibank to ensure the availability of funds for students attending the 42 UNCF member colleges. Sallie Mae is proud to have played a role in providing this important program to insure access to student credit. Sallie Mae has also advanced $300 million to a major GSL lender to finance an assured access plan for vocational school students.

Non-insured student loans

As we informed this Committee, we have instituted a small pilot program of non-insured student loans. A number of universities provide individual non-insured loan programs as a service to their students and parents. Sallie Mae has provided funding on a collateralized basis in support of such programs to two such universities.

This pilot program represents Sallie Mae's flexibility in providing new and expanded programs to both educational and financial institutions in its continued efforts to support the credit needs of students and their parents.

Programs to support State financing of student loans

To assure a future market should refinancing not be feasible when bonds mature before the underlying loans pay off, Sallie Mae has traditionally offered forward purchase commitments to state agencies that originate or purchase student loans. Sallie Mae has $493 million outstanding in forward purchase commitments to such agencies. In 1983 Sallie Mae introduced a letter of credit program which lends the highest investment grade to state bond issues they back. Sallie Mae expects to close its initial $77 million in letters of credit to back student loan bond issues within two weeks. Sallie Mae also in 1983 became for the first time a purchaser of student loan revenue bonds to assist in making a market in such issues. Sallie Mae currently holds $168.17 million in student loan revenue bonds and notes. In addition, Sallie Mae has recently introduced a Loans-to-States Program offering state agencies an

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alternative to tax-exempt bond financing, by providing them with direct loans and commitments on a taxable basis. All told, Sallie Mae has negotiated commitments totaling $660 million over the next five years to support the states' financing of student credit.

Loan Consolidation Program (OPTIONS)

Sallie Mae was given the responsibility in 1980 amendments to put in place a Loan Consolidation Program for certain qualifying students who had borrowed under the National Direct Student Loan Program (NDSL) and the GSLP. Before termination of this Program Sallie Mae had consolidated $390 million of indebtedness of 32,000 students. Sallie Mae continues to support a mechanism to encourage sound debt management of student indebtedness.

III. FINANCING OF SALLIE MAE

As was envisioned by the Congress in the Education Amendments of 1980, Sallie Mae has successfully entered the public capital markets for its financing needs, prudently and gradually severing its ties to the federal government. In 1981, Sallie Mae negotiated an agreement with Administration officials that set the basic course of Sallie Mae's funding activities for the future. In exchange for an additional $2 billion of long-term financing authority at the FFB (bringing the total of such borrowing authority to $5 billion) the corporation agreed to accelerate the time schedule for re-entry into the capital markets to fund its activities. Specifically the agreement called for Sallie Mae to end its borrowing from the FFB by September 30, 1982, or at the time a total of $5 billion of such borrowings was outstanding. Sallie Mae also agreed to enter the capital markets without the use of the full faith and credit guarantee of the Department of Education which was originally available until October 1, 1984. Working in concert with the Treasury Department, this agreement provided a sound base for Sallie Mae to begin financing its program acquisitions without additional federal support.

In 1983 Sallie Mae continued its transition to the capital markets with the successful completion of two equity offerings which significantly strengthened the corporation's capacity for future growth by providing $353 million in the new capital. This new equity, combined with $47 million in additional retained earnings, brought the corporation's total equity base to $503 million at year-end and lowered its debt-to-equity ratio to 17-to-1 from 71-to-1 at the end of 1982. In March, 1983, Sallie Mae sold 5 million shares of adjustable rate cumulative preferred stock which provided $250 million in new capital. In September, 1983, Sallie Mae sold an initial public offering of nonvoting common stock which raised $103 million for Sallie Mae and $114 million for voting stockholders who were given an opportunity to convert a portion of their voting common stock to nonvoting common stock on a share-for-share basis and to sell the converted stock in the public offering. In conjunction with the offering, Sallie Mae split its outstanding voting common stock 35-for-1, effective as of the closing of the stock sale on September 29, 1983. At the end of 1983, the corporation had outstanding 29 million voting shares and 12.1 million nonvoting shares. Sallie Mae began paying dividends on its common stock in 1977. In 1983, common stock dividends were increased to $.08 per share from $.06 per share in 1982 (both adjusted for the stock split). During 1983, Sallie Mae continued to meet its debt needs through the sale of $2.1 billion of long-term debt obligations of which $400 million was from floating rate notes and $1.7 billion was from fixed rate debt, most of which was effectively converted to floating rate obligations through interest rate swaps.

Sallie Mae's financing in 1983 of $2.1 billion of long-term debt and the infusion of $353 million in equity capital through public offerings have marked the achievement of a significant corporate milestone and the creation of a strong foundation for future growth. We were gratified that our innovation and expertise in capital formation enabled the corporation to meet its programmatic demands, albeit with the marginally higher costs associated with fund raising in the private capital markets. This was accomplished without raising our prices to our customers. Our plans forecast that in order to support the $7.3 billion plus annual GSL origination in the foreseeable future, Sallie Mae must be able to raise nearly $2 billion in each of the next 5 years. Given the increasing demands for capital throughout the world, a strong balance sheet and strong earnings statements are Sallie Mae's assurances that it will have access to capital in the quantity necessary and price appropriate to support student financial aid programs during the 1980's. I am pleased that during the past 18 months we have actually lowered the cost of doing business with Sallie Mae as we have passed through the benefit of operating efficiencies.

IV. H.R. 5240 "THE HIGHER EDUCATION AMENDMENTS OF 1984"

Mr. Chairman, as you have requested, I will now specifically focus my remarks on the proposed changes in the GSL Program included in H.R. 5240. I hope that my remarks will be taken as being offered on the basis of our considerable familiarity with the financial instrument that is a guaranteed student loan, and the financial markets that support them.

Special interest allowance

H.R. 5240 would propose a reduction in the special interest allowance for GSL's to 3 percentage points over the bond equivalent yield of the quarterly average of 91-day Treasury bills, a reduction of .5 percentage points or 50 basis points. It is unclear to us that this reduction applies only prospectively; we believe a clarification is necessary. While Sallie Mae, the largest holder of student loans, is sufficiently strong to bear such a reduction and would price its services accordingly, I feel compelled to remind the Committee that other institutions may not agree. This recommendation appears to conflict with efforts to cure the problem of access to GSL's for all students, and fails to recognize the steadily increasing servicing burden of GSL's which I have raised before and which we believe to be the Achilles heel of the GSL Program.

As the Committee is aware a GSL is a very expensive loan to service. Its term, the extraordinary number and complexity of statutory guaranteed suspensions and extensions, and the heavily regulated nature of the instrument combine to require expensive individually designed servicing systems. A small balance loan costs as much to service as a large balance loan. Many lenders currently do not choose to participate in making small loans. I believe your proposal would exacerbate this problem.

Numerous instances have been presented to this Committee of groups of students who do not, in the normal course of events, have access to GSL's. At least in some cases this occurs because of small balances created by the student's borrowing eligibility or cost of education. Some have suggested the need for a higher special allowance for lenders on small balance loans.

H.R. 5240 also recommends creation of state lender-of-last-resort programs. It can reasonably be expected that such a last resort lender would be faced with a disproportionately high ratio of small balance loans. I sincerely question the willingness of lenders to provide this total access in the face of a reduced yield.

Unless some effort is made to reduce the lender's administrative expenses by a reduction in servicing costs or reduced regulatory requirements, a reduction in yield should be expected to create a disincentive on the part of commercial lenders to participate in the program.

As I have said many times there are only three parties to this transaction; the student, the lender, and the government. Unfortunately since the lender provides the capital, which is the basis for this program, should lenders decide that the yield is inadequate or other investments more attractive, they may decide not to participate.

Lender of last resort

H.R. 5240, Section 453(a) of the Act provides for the creation of lender-of-last-resort programs. Guaranty agencies are asked to enter into agreements with eligible lenders in the state to assure access to GSL's to anyone who meets statutory eligibility requirements.

In addition, under Section 453(d), guaranty agencies, state direct lenders, and state secondary markets are authorized to be direct lenders of last resort, but apparently only with borrowings from Sallie Mae. These lenders of last resort are also made eligible to receive loans from Sallie Mae but only in very limited amounts. However, under existing law state agencies may already receive advances from Sallie Mae for even broader purposes, and without limit. If, in addition to the arrangements for lenders of last resort made in Section 453(a), it is appropriate for these agencies to also act as lenders of last resort, we question why their financing for that purpose should be limited, either as to amount or as to source.

Loan consolidation

Section 452 of the Act would authorize a loan consolidation program. These provisions are substantially similar to those of H.R. 4350 which passed the House last year but which has not been acted upon by the Senate.

As the only entity with actual experience with loan consolidation, I would like to express again my sincere concern that the system proposed, as would that proposed in H.R. 4350, could potentially result in a plethora of dissimilar consolidation sys-

tems, the permutations and combinations of which are infinite, which can be expected to confuse the student borrower, and prevent any reasonable possibility of a secondary market in such paper.

When you allow numerous consolidators, we assume you understand that in all likelihood the systems designed will vary widely. We already have problems servicing GSL paper with each state's variations. The creation of new consolidation paper will further exacerbate the servicing problems.

In addition, you would increase the student's interest rate to 9.5 percent in H.R. 5240, an increase of .5 percent over the rate which would have been provided by H.R. 4350. We believe the structure of loan consolidation plus the increased interest rate for a minimal, if indeed any, extension of repayment enforces a penalty on those students who are the ones in dire need of consolidation—those who cannot meet their debt burdens. In our opinion, any consolidation will result in cost savings to the federal government. While an increase in the interest rate of the student would theoretically increase that cost savings, if there is no real inducement to the student, there will be no cost savings to the government.

We believe that the percentage of all GSL recipients who qualify for loan consolidation is modest. A further reduction of the number of students who are eligible or who will choose to participate, coupled simultaneously with the reduced productivity of a splitting of the market and a reduction in yields to the lender, raises questions in our minds as to whether or not either lenders or students will consider this a viable program, and whether the cost savings to the government and the reduction in defaults that loan consolidation can provide will ever be realized.

Student Loan Marketing Association

H.R. 5240 provides for the reenactment of Sallie Mae's original law. New Section 463 is substantially identical to existing law.

We appreciate your support to Sallie Mae in making permanent the provision defining the federal government's position in the event of a bankruptcy of Sallie Mae. We believe that since this provision has been enacted three separate times, a permanent resolution of the issue is appropriate.

You have provided in Subsection 463(h)(2) an extension until 1991 of Sallie Mae's authority to ask for the full faith and credit guarantee of the federal government to support its financing. This authority expires on October 1, 1984, as provided by the Education Amendments of 1980. As you know Sallie Mae terminated borrowings from the Federal Financing Bank in January, 1982, and has not relied on the credit of the government with respect to its borrowings since then. We are proud of the corporation's success in the public capital markets. We did not request this extension nor do we believe it to be necessary although we recognize that the mere possibility of such guaranty may be of some significance to those who finance us.

Mr. Chairman, I appreciate the opportunity to testify on H.R. 5240 and of course my staff and I are available to provide whatever technical assistance you or other members of the Subcommittee may desire.

STATEMENT OF EDWARD FOX, PRESIDENT, STUDENT LOAN MARKETING ASSOCIATION, ACCOMPANIED BY MICHAEL WYATT, VICE PRESIDENT AND DEPUTY GENERAL COUNSEL

Mr. Fox. I want to thank the committe for permitting me to testify on this date in recognition of my travel schedule in the next couple of weeks. At the request of counsel, we are submitting our statement to the record and we would be pleased to answer any questions that you may have relative to that statement.

Mr. PENNY. That's it? I was going to suggest that you summarize your comments in order to allow those with noon commitments to get along to those on time. I wasn't expecting it to be that brief.

Counsel, did you have a question that you wanted to pursue right at the start?

Mr. DEAN. Yes.

Mr. PENNY. I'll let you do that and then I have some other questions.

Mr. DEAN. OK. I just have a couple of questions. If the special allowance were reduced, as proposed in H.R. 5240, what possible ef-

fects would you envision occurring at Sallie Mae in terms of your general operations—by that, I mean the pricing policies and your ability to serve the GSL Program in other regards?

Mr. Fox. Well, as you are aware, over the last couple of years, as we have developed a much stronger balance sheet and augmented our capital accounts, limitations which we had relative to our ability to purchase loans have pretty much been reduced to the point where we are capable of buying just about any portfolio at par. That's come about because of the strengthening of the balance sheet, operational efficiencies and the like.

To the extent that yields are changed or that operational standards or servicing requirements are changed, all of these have an impact on the yield to this corporation which is a privately owned corporation and the bottom line for us is the ability to attract capital and if we can't attract capital, either because our earnings are not sufficient or because we are perceived as a weakened entity, we can't survive and we can't continue to provide service.

The amount of reduction is substantial that is proposed in this legislation. I could not assure this committee that I could continue to offer par purchases were the price of the yields associated with student loan to be diminished.

Mr. Dean. Based on your familiarity with lenders in the GSL program, would you envision a large number of lenders dropping out of the program if the special allowance was reduced in terms of loan originations?

Mr. Fox. Lenders are in this program for many reasons, not all of which are just yield. The banking system has provided many, many billions of dollars in support of student aid going back to the mid-1960's in this program. To automatically suggest that it is totally yield, that has kept them in the program, I think, would be incorrect.

A number of lenders who have expanded their program are finding that as their portfolios are going into repayment and they are reaching that time in the life cycle of a student loan portfolio, where the costs are greatest, that they feel if they're inadequately served by a 3½ percent over T-bills yield, some bankers have begun to lobby for higher yields in the repayment period rather than reduced yields. A number of major nationwide lenders have already gone on record as suggesting that they may not be able to continue their programs unless they get a higher yield to recognize the costs associated with the repayment period.

Mr. Dean. At a hearing before this subcommittee in New York City, a witness suggested that Sallie Mae be required to secure congressional approval before embarking on any new activity. What problems would you foresee with requiring such congressional approval?

Mr. Fox. I suggest that the people who make such comments are those who are desirous of maintaining monopolistic positions for themselves and a concern lest a quasi-government entity that has a social purpose might do those things that might be in support of student credit that might diminish their corporate game plans relative to credit cards, interstate banking and the like.

We find that there are very few institutions who have actually felt that we are threat, but those who do feel that we are threat

think that it's not because we provide student credit, but that we might deny them access to data bases for whatever other purposes they may have relative to interest data and commercial and other types of banking services that they are desirous of providing.

I think that this corporation must be able to react quickly in the public interest, in support of student financial need. We have done so with a record that has not harmed anybody in the past, that has not been prejudicial to the interests of any other participants in this program and that you need a strong Sallie Mae that will be there for the long pull at all times in support of student credit, not that might be here for a year or two when we might have a corporate game plan that uses student credit, but that will be there when you need us.

Mr. DEAN. Thank you very much, Mr. Chairman.

Mr. PENNY. I would like to find out if you have a strong feeling about the loan aggregate level that should be reached before consolidation is allowed.

Mr. FOX. That's certainly a cost issue to the Federal Government more than anything else. The real thing is that with the number of students who borrow increasing, but more importantly the number of times that they borrow in order to get themselves through increasing, you are seeing a larger number of high indebtedness students coming through the system and I think that is going to increase over time, you will see more of those heavily indebted students coming through.

The major issue here is how to deal with the totality of the debt that they have and the totality of debt management for these people rather than looking at some small subset and saying, "This is the way we might want to deal with this or not." We are already hearing from the people at HHS that they are having problems with some of the high indebtedness medical students, for example. Loan consolidation was one means by which we were trying to address a certain set of issues—the high indebtedness student who is having difficulty in meeting their debt burden.

If you cut the minimum indebtedness level for loan consolidation, you are apt to be providing at a great deal of cost, not necessarily a beneficial service to all of the parties as you might intend. I think you would want to look very carefully at where you cut that line. We found that most of the people who use our services are in that $10,000 to $12,000 indebtedness area when it came to loan consolidation. There were not that many at the $5,000 level. Quite frankly, we didn't see that many in the $20,000 or above area either. There seemed to be a bell curve that suggested that most of the three or four times borrowers were the graduate students, were people who were not people in the high cost professions and, quite frankly, just couldn't hack the repayment.

I can't suggest to you that you drop it too low or that you automatically offer 15- or 20-year terms to everybody because I think the costs are far too great. You are going to have to figure out what subset really qualifies and figure out how much money you have got available in order to provide that service and then make it available.

You can't go down too deep.

Mr. PENNY. There is some evidence that students with a lower debt load have a high percentage of default and it may be because they have left school and they are not in a financial situation where it's easy to repay and I guess that is the premise of my question is that it seems to me, if we have got a big problem there, but we are not meeting it because the threshold is too high, it certainly is an issue that we need to look at.

Mr. FOX. We have about $4.75 billion of student loans that we own. We are beginning to develop data from this data base which is certainly not a fully stratified data base, but probably one of the better ones that you are going to see.

As to defaults, default levels and the like, we find that the highest level of default on an absolute basis is the person who borrows one time—for what purpose I can't tell you, but it's probably for community college, vocational school or the dropout or whatever—but the person who has a single loan generally will have a higher level of default in our portfolio than, say, the person who has borrowed two or three times and has between $4,000 and $7,000 worth of aggregate indebtedness. That's the lowest level of default that we see in our portfolio right now.

We see a surprisingly high level of default in the higher debt burdens. I wouldn't want to speculate as to why, but we are also seeing that some of the traditional patterns of default are changing. It used to be you would get 85 percent of your defaults and you would try to find somebody at the point in time in which you put them into repayment. Now we are finding that at about 2 years out of school there is a bubble of defaults where the people just can't manage the payments and perhaps of other indebtedness that they have accumulated over time.

How you deal with that lowest level issue, the person who perhaps goes to a community college or drops out of school or perhaps goes to a 2-year school—how you deal with that is one that you are probably going to have to do some research upon. There has been speculation that perhaps you want to provide more grant moneys to those people rather than loans, that maybe they are not a good loan candidate. Maybe you can direct your funds—if you know that you are going to have a high default level and you are paying out a considerable amount of money already, maybe there is a better delivery mechanism. I don't know the answer.

Mr. PENNY. I appreciate your appearance this morning.

We have two other witnesses that we want to move along to before the noon hour. Again, thank you, Mr. Fox.

Mr. Conyers and Dr. Coffey, welcome to the committee.

[Prepared statement of Congressman John Conyers follows:]

PREPARED STATEMENT OF HON. JOHN CONYERS, JR., A REPRESENTATIVE IN CONGRESS FROM THE STATE OF MICHIGAN

Mr. Chairman and Members of the Subcommittee, I am pleased to testify today on the urgent need for intensified correctional education programs for the more than 600,000 inmates of Federal, State and local correctional institutions.

I appear before you as the chief sponsor in the House of the Federal Correctional Education Assistance Act (H.R. 3684), which also has been introduced in the Senate by Senator Claiborne Pell. As of today, the legislation has 52 sponsors in the House.

Therefore, I was delighted to learn that the bill forms Part C of Title I of Chairman Simon's legislation to reauthorize the Higher Education Act (H.R. 5240).

For a number of years Congress has authorized in one form or another programs to provide inmates with a variety of instructional and training resources, including vocational training, postsecondary education, and adult education. Unfortunately, the authority was never implemented and funds never have been set aside for the specific purpose of inmate education and training.

The Subcommittee on Crime and Criminal Justice of the Judiciary Committee, that I have chaired, held over the past several years a number of hearings on the relationship between crime, on the one hand, and skills and employment, on the other. The record of these hearings has forcefully demonstrated the recurring link between unemployment, the lack of job experience and the absence of employable skills, on the one hand, and the persistence and increase of criminal behavior, on the other. The failure, by and large, of Federal, State, and local governments and of correctional institutions to make available to inmates adequate correctional education figures prominently in this equation.

The nation has a great stake in the future of its inmate population since 95% of all inmates return to society after serving an average sentence of 2 to 3 years. Yet, tragically, some 60% of released offenders wind up back in the jails and prisons.

I am here to suggest that a relatively modest commitment of additional resources to train and educate inmates so that they would be employment ready upon release would go a long way toward their rehabilitation. In particular, the mandating of vocational education funds for inmates, as part of the reauthorization of the Vocational Education Act, also would reduce the tremendous fiscal and social costs that accompany incarceration and recidivism. These costs not only include the billions of dollars spent to maintain and expand correctional facilities, but also the costs of public assistance to inmate families and the costs to society of the social disorder that criminal behavior generates.

At the present time, the correctional system, that embraces 561 State prisons, 49 Federal facilities, 3,500 local jails and 2,600 juvenile retention centers, is costing in excess of $8 billion annually. The rate of growth in the inmate population and in correctional expenditures is truly astounding. Yet what are we getting for this spending?

Prison overcrowding is getting worse. Violence in our correctional institutions, including an upsurge in rioting, is on the rise. This past year alone 110 homicides and 138 suicides have occurred in the prisons. The overcrowding, combined with the inactivity and boredom prevailing in most facilities, constitutes an explosive condition.

The great majority of inmates are male, poor, undereducated, and lacking in any substantial job skills or work experience. Forty-seven percent are black. Sixty-three percent never finsihed high school. Nearly half were unemployed at the time of their arrest. A majority are learning disabled.

For the most part, correctional institutions offer few opportunities for education, job training, or building marketable skills. Very few institutions offer transitional services that prepare inmates to re-enter society. On the average, the States spend less than 5% of their correctional budgets on inmate education. As a result, less than one-third of the inmate population is engaged in educational programs—most of which are meager at best—and only 12.5% are involved in vocational programs.

As long as society refuses to define the goals of incarceration in terms of rehabilitation, the existing conditions can only get worse. It is commonly acknowledged by correctional officials that prisons today serve as little more than open classrooms for the propagation of criminal learning. What The Education Commission of the States reported in 1976 holds true today: "It is obvious that to the extent that offenders cannot use knowledge and skill obtained from deviant cultures to cope in whatever way they can."

The glaring gap between inmate needs and resources has not gone unnoticed by the highest ranking law enforcement officials in the nation. Chief Justice Warren Burger has long championed correctional education as "a common sense application of the concept of society's collective self-interest." Two years ago, in response to the findings of the National Advisory Council on Vocational Education, Justice Burger warned: "Without any positive change, including learning marketable job skills, a depressing number (of inmates) . . . will return to a life of crime after their release. One small but practical positive step . . . is the introduction of mandatory educational and vocational programs for all inmates."

Numerous studies have demonstrated that correctional education, especially vocationally-oriented, leads to tangible, positive results. A study of inmate education in Texas, for example, found that the recidivism rate among offenders enrolled in an educational program was half the rate among those who did not participate. A study of Virginia's Correctional Center for Women found that the recidivism rate diminished in relation to the extent of training and education that inmates re-

ceived. Whereas the general inmate population in that institution had a repeater rate of 34%, the inmates who had completed a business education program had a rate of only 4%. An Ohio study indicated that the longer an inmate is involved in education and training, the less likely he or she will become a repeater. These studies emphasize the importance of the quality and content of correctional education. Programs that offer inmates practical, marketable skills have proved to be the most successful. The National Center for Research in Vocational Education has identified the Somers Correctional Institution in Connecticut as having one of the most successful vocational education programs. Upon release 75% of its inmate participants found employment. During their enrollment, motivation and achievement dramatically improved.

The Federal Bureau of Prisons has developed a well-organized correctional education program that has shown high enrollment, positive inmate evaluation, and successful outcomes. Unfortunately, few States have had either the disposition or the resources to develop programs on their own. A letter I recently received from Benjamin Groomes, education director of the State of Florida's Corrections Department, cogently summarizes the problem in correctional education that has been cited in numerous other communications from State correctional officials. Groomes writes in an October 5th letter: "Florida Correctional System is presently the third largest in the country. Approximately 68% of those incarcerated do not possess a high school diploma with more than 60% not having a marketable skill. While there have been strong efforts by the Department to provide educational services, we have been unable to acquire the level of resources appropriate to the need."

The most effective correctional education system appears to exist in only eight States that have created correctional school districts and that are able directly to utilize federal education assistance in their institutions. Even in these States, however, correctional facilities are forced to compete with the schools for scarce resources.

Outside of these States, the only substantial federal assistance derives from Chapter 1 of the Education Consolidation and Improvement Act of 1981 and the Education for Handicapped Children Act of 1977. The former only provides supplemental education funds for inmates under the age of 21. The latter basically provides only diagnostic services for juvenile offenders.

In general, there are numerous obstacles in the way of adequate inmate educational assistance. The Vocational Education Act authorizes, but does not mandate, inmate education. There is no uniform definition or set of standards governing inmate education. As a result, the National Advisory Council on Vocational Education found that only 5 States provide comprehensive and thorough vocational programs for inmates. The widespread lack of cooperation between State education agencies and correctional facilities hampers positive action. Correctional officials also have difficulty dealing with the maze of rules and regulations in Federal assistance programs.

The few Federal programs that deal specifically with State and local correctional facilities are badly understaffed. The National Institute of Corrections (NIC) has recently undertaken a joint demonstration program with the Department of Education, but has assigned only a single staff aide to correctional education. NIC focuses its assistance on prison maintenance rather than inmate education.

In 1979 the Comptroller General reported to Congress that "most States could use Federal assistance programs to help improve curriculum materials and implementation of the education and training programs in their correctional institutions." GAO recommended the targeting of Vocational Education Act assistance for the development of screening and evaluation of inmates' educational needs, the creation of uniform curricula in correctional education, and the prioritizing of vocational and on-the-job training.

In its March 1981 report, "Vocational Education in Correctional Institutions," The National Advisory Council on Vocational Education recommended that Congress a) "include in the VEA reauthorization language and policy assuring correctional programs access to funding and services under all provisions of the Act," b) that "Federal funds, either through the VEA or additional legislation, should be made available to upgrade and expand existing facilities and equipment used in correctional vocational education," c) that "(such) funds be administered by the state education agency rather than sent directly to correctional agencies," and d) that "the U.S. Department of Education should establish an Office of Correctional Education."

The correctional education provisions of H.R. 5240 would accomplish these purposes. It authorizes $25 million annually for a three-year period for the implementation of a number of correctional education programs, with an emphasis on vocation-

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al education and training. It also would include basic education, transitional services such as counseling and job placement, and cooperative programs with private industry for on-the-job training. The program would be administered by the Secretary of Education and funds would be distributed to State education agencies in all States on the basis of their inmate populations. The bill would mandate that the funds be spent solely on inmate education and this mandate would be closely supervised by the Secretary. It is important now to take the necessary steps to reverse the existing situation in jails and prisons, and commit solid resources to State and local correctional institutions for inmate education. Enough models and tested programs exist to guide the implementation of the program.

It is timely to acknowledge that the goal of merely segregating offenders from the larger society and ignoring their current and future needs upon release is neither viable nor desirable. It is appropriate, therefore, for Congress to make a commitment to inmate education and rehabilitation with the expectation that upon release the great majority of inmates will have acquired the skills, training and the knowledge that will enable them to obtain employment and lead productive lives in society. Chairman Simon's legislation to reauthorize Higher Education programs is a promising step in this direction, and deserves our support.

[Prepared statement of Dr. Osa D. Coffey follows:]

PREPARED STATEMENT OF DR. OSA D. COFFEY, EXECUTIVE DIRECTOR OF THE CORRECTIONAL EDUCATION ASSOCIATION [CEA]

Mr. Chairman: I am Osa Coffey, Executive Director of the Correctional Education Association. I am here today testifying on behalf of thousands of dedicated teachers and administrators who make up the Correctional Education Association and who serve under the harshest conditions to bring education to the incarcerated. Based on our experience, no little, or inadequate monies filter down to correctional education when left up to the discretion of federal and state agencies. Therefore, we are gratified to find that H.R. 5240 "To Amend and Extend the Higher Education Act of 1965" includes a special set-aside for correctional education, by the inclusion in its entirety of H.R. 3684 "The Federal Correctional Education Assistance Act," introduced earlier in the 98th Congress by Congressman John Conyers, Jr. as Part C of Title I. We urge this committee to support the retention of such a set-aside in the reauthorization of the Higher Education Act and ensure that it does indeed become law.

The need for education and training programs among the Nation's incarcerated (an average daily of 600,000 men, women and children) is enormous. Only 10% of this population completed high school; 85% dropped out of school before their 16th birthday. Typically, inmates function about three grade levels below the grade completed. Some studies have indicated that as many as 32% display serious learning disabilities; 10% show incidence of mental retardation. It has been estimated that approximately 40% can be classified as "handicapped" under P.L. 94-142.

Most state systems find that 20-30% of their inmates are functionally illiterate. (Conrad, 1981). The average unemployment rate for offenders prior to arrest is approximately 40% (as compared to the national average of 18%). Of those who were employed prior to arrest, 80% made less than a poverty level salary. (Coffey, 1981)

Since no agency maintains national data on either the educational status of prisoners nor on enrollment in education programs, the following information cannot be considered conclusive. However, if these figures are anywhere near accurate, they do suggest a tremendous gap between inmate need and available education programs. For example, Davidson (1977) studied juvenile correctional institutions in the state of North Carolina and found that 90% of the inmates in both adult and juvenile populations desired vocational education, yet only 9% actually received institutionally based instruction. 34% of the population could not enroll in vocational education programs due to conflicts with work schedules. The Bell study found that 11% of the inmate body nationwide is enrolled in ABE programs; 12% in secondary GED programs. Carlson found that 12.5% of the 4,000 jails in the U.S. have any educational programs at all. On an average, state correctional agencies spend about 1.5% of their total correctional budgets on inmate education.

If we look at the gap between inmate educational needs and current educational service delivery, one is tempted to agree with those who feel that education as a rehabilitative agent has not really been tried yet.

The cost of not meeting the educational needs of the incarcerated is very high, not only measured in wasted human lives, but in tax dollars. Lack of meaningful programs has proven to be a contributing factor in prison violence as well as riots, as testify the experience in Attica, New Mexico, and most recently Oklahoma.

95% of all inmates do return to society at some point. Without adequate academic, job, and social skills, they are more likely than not to return to crime. Recidivism and reincarceration are costly and foolish alternatives, considering the fact that it takes on the average $15,000 to keep an adult incarcerated for a year, and about $60,000, in construction costs for every additional cell constructed in this country. Crime in America costs its citizens more than $100 billion annually in direct and indirect losses, and confining prisoners costs $12 million per day.

Chief Justice Warren Burger has recognized the dire need for more and better education and work programs for inmates and has spoken out to that effect upon many occasions. In 1981 he said: "One small but practical, positive step—indeed, a step that I have advocated for many years—is the introduction of mandatory educational and vocational programs for all inmates. No one should leave prison without at least being able to read, write, do basic arithmetic and be trained in a marketable job skill. Unless we accept the hard reality that the confinement of offenders behind walls and bars—without trying to change them—defeats a principal objective of the penal system, we will never make any progress in the battle against crime . . . we need to take positive steps as a nation to improve the quality of educational and vocational programs within our prisons. This is not a visionary idea but a common sense application of the concept of society's collective self-interest."

Despite some success stories and Justice Burger's recommendations, correctional education in many states has long suffered as a low priority on the hierarchy of needs for the incarcerated. With resources diminished at all levels and the prison population at an all time high, by necessity the primary concern of correctional administrators are security, custody and basic care, and most state and local funding for corrections is used to secure the institution, leaving little to support academic, social and vocational education programs for offenders.

State and local agencies desperately trying to cope with overcrowding, old and decaying facilities, and prison violence urgently need federal support if they are to be able to provide also for effective inmate education programs. The lack of a federal policy delegating responsibility for correctional education and delineating cooperation and coordination among agencies at the federal, state, and local level was a severe handicap to the field until August, 1983, when Secretary T. H. Bell issued a United States Department of Education Policy Statement. (Appendix A) We believe the policy, when implemented, could have a powerful effect in overcoming problems of confusion and frustration between the field and the federal/state/local levels. We agree with the philosophical and comprehensive nature of the policy. But we do have a grave concern with the level of commitment as evidenced by the Education Department. The educational needs of inmates will not come near being met until Congress mandates additional funds earmarked for correctional education and until the Department of Education allocates enough staff and funding to carry out the Secretary's correctional education policy through better coordination and consolidation of resources within the Department.

Title I, Part C of H.R. 5240 could give a great impetus in this regard. Currently, very few pieces of legislation actually mandates funding of education programs for inmates, although they may permit such funding. However, our experience shows that such permissive legislation is inadequate since correctional students generally do not fare will by federal, state, or local education agencies if they are a choice, competing for dwindling monies with other disadvantaged groups such as the handicapped.

Currently, Chapter I of the Education Consolidation and Improvement Act of 1981 is the only law setting aside funds for adult correctional institutions under Part B, Subpart 3, Programs for Neglected and Delinquent Children. These funds serve only to age 21 years. P.L. 94-142, The Education for All Handicapped Children Act of 1975, similarly mandates services for all handicapped children—including the incarcerated. However, these funds, too, reach only those who are 21 or under.

Although correctional administrators may apply for funding under many other programs administered by ED Offices, they must piece together information on authorizing legislation, program availability and eligibility, and the various rules and regulations which govern these programs, and somehow coordinate these efforts into a coherent programatic package. Within the Department, six Assistant Secretaryships are administering programs which can provide funding, technical assistance, research and development and information dissemination services for correctional education. These include: Special Education and Rehabilitation Services, Bilingual Education, Vocational and Adult Education, Educational Research and Improvement, Postsecondary Education, Elementary and Secondary Education.

Ed's current apporach to correctional education is irrational and fails to take into account the unique nature of correctional education. Whereas in the "free" world,

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education is organized by age specific and functional institutions; correctional education is provided by a single institution responsible for all aspects of education. The Department's programs are organized to fit the "free" world structures which do not mesh with the organization of corrections.

With the sporadic and "soft" funding in the past, much knowledge was wasted, as good programs fell victims to dried-up funding sources, and valuable data were tossed out with the programs. Sustained, predictable funding is urgently needed. It can best be obtained by a line item in a major bill of longer duration. The current draft of H.R. 5242 presents a very sound alternative solution.

Finally, I would like to add a few words about the significance of the Pell Grant Program for incarcerated students. In April of 1982 we conducted a survey of the use of Pell Grants in Corrections. At that time, we found that Pell Grants are the primary source for college level education for 37% of the 24,560 students included in the report. Many State Directors of Correctional Education responded that postsecondary studies would become virtually impossible without the Pell Grant Program.

Furthermore, follow-up studies on inmate students who have participated in postsecondary programs (most of which seem to be in vocational areas) indicate: drastic decreases in recidivism rates, increases in employment rates, reduction in disciplinary incidents and growth in motivation and self-respect.

We therefore urge this committee to ensure that any new/revised Pell Grant rules and regulations will not only permit but facilitate the participation of incarcerated students, most of whom are indigent.

The community college has increasingly become one of the best partners of correctional systems nationwide, providing services under contract ranging from a single course to actually providing the whole spectrum of educational services (from adult basic skills to B.A level courses) for an entire correctional agency. These contractual, interagency agreements have served community college systems as well as correctional agencies very well. Part C of Title I of H.R. 5240 would seem to encourage further this development. This is yet another reason we in CEA support this legislation. We who work with inmates know that prison education and training programs can be made to work. And we believe, with Secretary Bell, that: "We must ensure that those who wish to improve education and prepare for a life of honest work have the opportunity to do so. Education must not stop at the prison gates; for some, that may even be where it can begin. We must build on the assumption that not even in prison have we exhausted the resources that might work, that might make a change. We must make sure that incarceration is a sentence to temporary loss of freedom; not a sentence to lifelong ignorance, unemployment, poverty and crime. Correctional education can be the way out; we must give it to our support." (Speech at the Forum on Prisoner Education, U.S. Department of Education, 1981).

We trust that Congress, through appropriate legislation, will give us the tools to do our job.

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United States Department of Education Correctional Educational Policy Statement

The Department of Education, under the direction of the Secretary of Education, is legislatively designated as the primary agency responsible for the administration of Federal programs of financial assistance to education. The Secretary is authorized, upon request, to provide technical assistance to State educational agencies, institutions of higher education, local school systems, and other instrumentalities of the States.

The Department's programs and budget are focused on two essential goals:

To guarantee that students of all ages enrolled in our schools, colleges, and vocational centers have equal access to the best possible education; and,

To improve the quality of education for every student by supporting research, development, and dissemination of new teaching methods and materials.

Education is a necessity for every American, including the more than 2.2 million adults and juveniles who are under the jurisdiction of the criminal justice system. However, few of the nations jails provide educational services. Most of the nations prisons provide basic academic and vocational programs, but fewer than 12 percent of the total prison population have access to such programs.

The men and women who serve time in the criminal justice system are among those the Department of Education has a responsibility to serve. It is, therefore, the commitment of the Department to lend its efforts in upgrading and making more effective the educational programs in correctional institutions of the States.

The Department's involvement in correctional education is further justified by the extreme level of educational disadvantagement found in the corrections population. By advocating improvement in the equality and quantity of education and training opportunities for adult and juvenile offenders, the Department of Education will address this educational disadvantagement found in the corrections population.

Compared to other educationally disadvantaged groups, the social and economic cost of the corrections population is extremely high. The criminal justice system places a heavy burden on the American taxpayer. Custody costs range from $13,000 to $40,000 per inmate each year. Also added to that are court costs, welfare payments, construction costs, and a host of other costs commonly associated with arrest, conviction, incarceration, release, arrest, and reincarceration.

At the current rate of recidivism, it is estimated that of the 150,000 inmates who will be released this year, between 30 to 70 percent will be recommitted to a correctional facility within one year. Lack of basic education and marketable job skills aggravate a released offender's difficulties in securing employment, thus, influencing the return to crime. However, with the tools for survival-basic education and a marketable job skill, coupled with the rise in self-esteem which is the inevitable result of achievement—a released inmate's chances for rehabilitation are considerably increased.

It is, therefore, the policy of the Department of Education that through its leadership and resources:

The Department will assist state and local jurisdictions to develop, expand, and improve their delivery systems for academic, vocational, technical, social and other educational programs for juvenile and adult offenders in order to enhance their opportunities to become law-abiding, economically self-sufficient, and productive members of society.

To carry out this policy:

The Office of Vocational and Adult Education will assume leadership for the Department's Correctional Education effort.

The Department will establish an intra-departmental coordinating committee on Correctional Education to assist in bringing about greater cooperation and coordination in the Department's corrections-related programs in the areas of policy, use of existing resources, avoiding duplication of efforts and costs, and effecting a better delivery system for needed services at the State and local levels.

The Department will play an active role in interagency corrections coordination activities.

The Department will support research, development, and dissemination efforts to develop knowledge of special curricula, organization, personnel, and support services needed in correctional education.

All officers in the Department of Education and all State and local educational agencies receiving the Department's assistance are encouraged to act in accordance with this policy.

T.H. Bell,
Secretary of Education.

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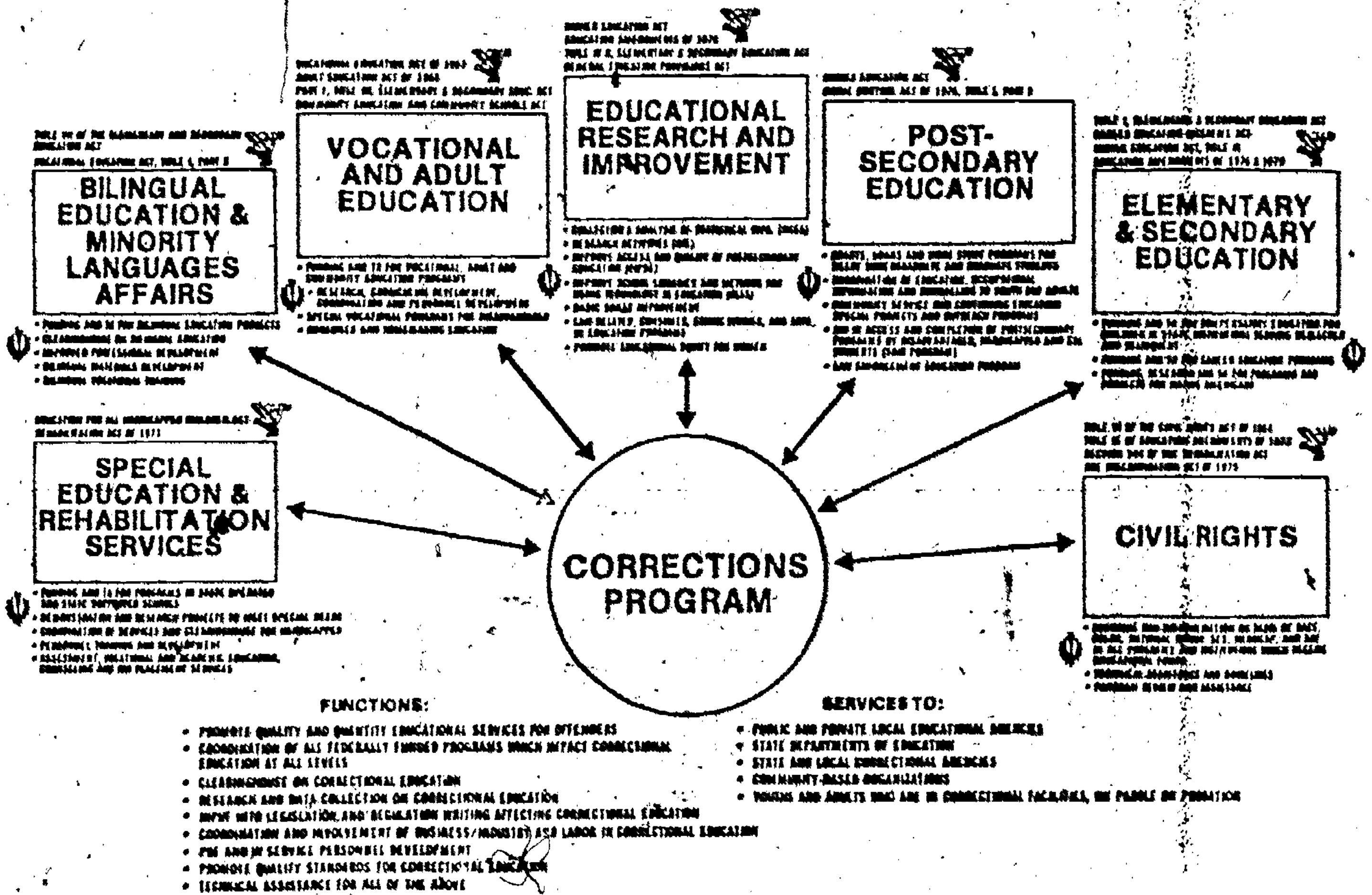
Correctional Education Within ED: A Functional Overview



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STATEMENT OF HON. JOHN CONYERS, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF MICHIGAN, ACCOMPANIED BY DR. OSA D. COFFEY, EXECUTIVE DIRECTOR, CORRECTIONAL EDUCATION ASSOCIATION

Mr. CONYERS. Thank you very much. I understand you are on a tight schedule, but we wanted to first of all appreciate the ability to testify on behalf of the measure that has been included in the authorization thus far that would provide financial assistance to the States for the use of expanding educational programs in the correctional institutions around the country.

I just want to get one or two lines in here before I let Dr. Coffey, who brought this idea to my attention and which has been moving along rather successfully and we hope that it will stay in the bill.

Let me just say a couple of things in its behalf. First of all, I am chairman of the Criminal Justice Subcommittee and our concern in judiciary with the escalating crime rates led me very naturally into this measure because this is operating in our national best interests, societally speaking.

What we are doing here is providing so many who are undereducated, who are unemployed, who need the kind of additional encouragement that this Federal training in which we would take this small amount of money—$25 million a year for 3 years—and send it to the State educational institutions. We think that it's very, very important.

The second thing that I would say is that this is really only supplemental money. It does not supplant any State funds. It does not create opportunities that are not already existing. It's a complementary program. I think that it has been very thoroughly thought out and I am very pleased to see it in your pending authorization measure and pray that it stays in there. I hope you will give it your consideration as one of the thoughtful members of this Postsecondary Education Subcommittee. I thank you and yield now to Dr. Coffey, the executive director of the Correctional Education Association who has worked in this area for many, many years.

Mr. PENNY. Thank you, Congressman.

Dr. Coffey.

Dr. COFFEY. Mr. Penny, I will be very, very short, realizing that time is running short today. I would just like to enter my testimony into the record. I would just like to highlight a few points. One is that we, as the Correctional Education Association, representing the teachers and administrators who deliver programs to inmates in the prisons in this country, we are very gratified to find that Mr. Simon has included as a title in H.R. 5240 a slot for correctional education.

One of the very major problems over the years in terms of funding education programs has been the fact that hardly any Federal legislation actually mandates moneys to be spent on this most educationally disadvantaged of groups in the country. There are two pieces of legislation—chapter I of the Elementary Act and Public Law 94-142, the Handicapped Act—that acually mandates moneys and both of those go only to age 21 and it leaves really the total adult inmate population without any moneys for their needs.

So we do hope that you will indeed see fit to keep this law in the legislation. I would also like to add something about the Pell Grants and then I will be very brief. We did a study of the Pell Grant's use in corrections a couple of years ago and we found out that for 37 percent of the 24,000 inmates who go to college level courses depend on the Pell Grant. Without that, many State directors of correctional education have told me that it would virtually be impossible for them to run a postsecondary program in corrections.

Most of the postsecondary programs in corrections tend to be vocational programs administered by community and junior colleges. They also show, in terms of followup studies, a higher success rate in terms of reduced recidivism. There have been in the past several times legislation introduced trying to bar inmates from Pell Grants. We hope and we pray that this committee will make very sure that inmates will be included as eligible to participate in the Pell Grant Program.

Finally, I feel that it's very encouraging that correctional education has found a spot in the higher education bill because in recent years one of the greatest friends to correctional education has been the community college system in the country. They are deliverers on the contract to correctional agencies of some of the best programs that we have at the current time. I believe that this inclusion of title IV, correctional education, in the Higher Education Act is likely to give even greater impetus toward what is a very healthy development of a close linkage between the colleges and the correctional systems.

I appreciate very much your time, especially so late in the day. I would like to leave the rest of my remarks in the record.

Mr. PENNY. Dr. Coffey, I might have missed it, but in your comment about recidivism, did you indicate that there was or was not research presently available to determine the effect of education on the return rate of prisoners?

Dr. COFFEY. There is some research. I don't think that in quality or quantity it is as much as we would like but there are some studies. Today I just brought with me a couple. For example, in New York State there is a 1983 study of a college program that showed an 8-percent reduction in recidivism. If you translate that into moneys you have paid for the program several times over. In Texas——

Mr. PENNY. What was that percentage again?

Dr. COFFEY. A 7.9-percent reduction in recidivism for the groups that attended a college program while incarcerated. I have a similar report from a community college study in Texas in 1983 that also showed reduced recidivism.

In California, there has been a similar study out of a college program at San Quentin. You had 94 percent employment after release, which is unheard of former inmates and zero recidivism. This was a computer data processing program.

I could go on for quite a while, but these are isolated studies and, on the whole, they do show that postsecondary programs have the highest retention rate and probably the highest success rate.

Mr. PENNY. Could you enter all of those materials in the record for our purposes?

Dr. COFFEY. Yes, I will be happy to.

Mr. CONYERS. Mr. Chairman, could I point out that Dr. Donald Weir—phonetic—from the Michigan prison system is here and he was just telling me that they had a similar experience of reduction in recidivism in the Michigan prison system at two levels—one where inmates had gone on to get their 2-year degree and also even at the GED level, there was a marked falloff in what is about a 60-percent recidivist rate. It's higher in some places, of course.

But the point of all of these fragmented studies is that it works and that's very reassuring in these days and ages when some things that we think are going to help really don't. It's a small, modest beginning and we are encouraged at the Senate and the House enthusiasm about it.

Mr. PENNY. We do appreciate your testimony. We will reconvene at 1 this afternoon. Again, thank you, Congressman, and thank you, Dr. Coffey, for your presence here this morning.

The meeting stands adjourned.

[Whereupon, at 12 noon, on April 3, 1984, the subcommittee adjourned until 1 p.m. the same day.]

HEARINGS ON THE REAUTHORIZATION OF THE HIGHER EDUCATION ACT

TUESDAY, APRIL 3, 1984 (AFTERNOON)

HOUSE OF REPRESENTATIVES,
COMMITTEE ON EDUCATION AND LABOR,
SUBCOMMITTEE ON POSTSECONDARY EDUCATION,
Washington, DC.

The subcommittee met, pursuant to call, at 1 p.m., in room 2261, Rayburn House Office Building, Hon. Ray Kogovsek presiding.

Members present: Representatives Andrews, Kogovsek, Penny, Gunderson, and Packard.

Staff present: William Blakey, staff director and John Dean, Republican assistant counsel.

Mr. KOGOVSEK. The Subcommittee on Postsecondary Education will please come to order for the purpose of continuing our hearings on the reauthorization of the Higher Education Act. The committee at this time would like to call Father Edward Glynn, president of Saint Peter's College; Flora Mancuso Edwards, president of Hostos Community College; Dr. Robert C. Corrigan, the chancellor of the University of Massachusetts at Boston; Dr. Bernard Harleston, president of the City College of New York; and Ms. Sandra Ritter, the trustee of the Oakland Community College, to the witness table, please.

[Prepared statement of Father Edward Glynn follows:]

PREPARED STATEMENT OF EDWARD GLYNN, S.J., PRESIDENT, SAINT PETER'S COLLEGE, ON BEHALF OF ASSOCIATION OF URBAN UNIVERSITIES

Mr. Chairman, I am Edward Glynn, S.J., President of Saint Peter's College, Jersey City, New Jersey. I am appearing today in my capacity as a Member of the Board of Directors of the Association of Urban Universities, in response to your invitation to testify on your bill to reauthorize the Higher Education Act. My comments will be directed primarily toward the reauthorisation of Title XI of that Act, as provided for in your bill, and in H.R. 3384, another bill introduced by your distinguished colleagues, Mr. Ford of Michigan, and Mr. Coleman of Missouri.

I am accompanied today by Dr. Robert Corrigan, Chancellor of the University of Massachusetts at Boston, and Dr. Bernard Harleston, President of City College of New York, both of whom offer testimony illustrative of what we all believe Title XI can do if reauthorized and modestly funded. We also have with us Jim Harrison, President of the Association of Urban Universities, who will not offer testimony as such, but who is prepared to respond to any question you or members of the Subcommittee wish to direct toward the contents of the existing Title XI or the provisions of the reauthorization legislation.

Title XI—the Urban Grant University Program—was originally enacted on October 3, 1980, when the Higher Education Act was last reauthorized. Urban Grant was one of the few new initiatives of the 1980 amendments and became law at an inauspicious moment for new education programs. The Association of Urban Universities and the higher education community have sought funding for Title XI in the three appropriation cycles that have followed its enactment, but we have been

unsuccessful. Despite these temporary disappointments we come to you and ask enthusiastically for a reauthorization of Title XI and also for a second chance to put its concept to the test and the abilities of the urban universities to work.

The concept of Urban Grant is a simple one. The present Title provides for modest appropriations, from which the Secretary of Education can make to urban universities small grants on the basis of competitive applications. These grants will enable universities to provide appropriate applied research and related services to meet the needs that are perceived as high priority requirements by the metropolitan areas where those institutions are located. That simple sentence, Mr. Chairman, just about sums up title XI.

It may be helpful to the Subcommittee if I comment on what the title does not do. Such comments may assist you in understanding both the reach of our hopes and the limits of our expectations.

Most significantly, Mr. Chairman, Title XI and its backers have never believed that we or it can solve the problems of our cities.

Our cities are faced with a myriad of problems. No two cities face the same list of questions nor do they face a list in the same order of priority. The cities are governed, for the most part, by freely elected, dedicated and hard-working mayors and council members, who know their business and who are every bit as well-equipped to run those cities and counties as we are to manage the urban universities for which we speak. We do not come to you to suggest that we have a secret formula for the governing of the city, or that, given an unlimited checkbook, unfettered access to the levers of power, and total freedom from responsibility for our actions, we can remake the cities overnight.

But, speaking as citizens of our cities and as heads of institutions which provide a substantial portion of the human and intellectual resources of those cities, we believe firmly that:

(1) We can contribute to alleviating some of the problems that our cities face, and

(2) We have an obligation to contribute to alleviating these problems.

We hold both beliefs subject to the understanding that the selection of priorities among problems and that the final decisions as to how problems will be met must remain the particular province of those chosen by their fellow citizens to make such decisions. The urban universities stand ready to put their skills, their resources and their talents at the service of their cities, through close cooperation with City Hall and the County Court House, in tackling the problems that those institutions have decided are of high priority and that we and our faculty believe we have competence to address.

We have always visualized Urban Grant working in the way such town-grown linkage is already working in many American cities on an informal basis. The responsible people in City Hall or the County Court House will set down with the responsible executives of an urban university and identify:

(1) what the local government needs in the way of applied research or related services;

(2) what talents or resources the urban university already possesses that can assist in meeting those needs, and,

(3) where there is an area of coincidence between those needs and those talents and resources.

After discovering where the university may be able to help, both parties then proceed to develop a proposal by which the university's resources and talents can be put to work on the city's problems. Under Title XI, the university can then apply to the Secretary of Education for a modest grant to meet 90 percent of the costs of such a proposal.

Incidentally, Mr. Chairman, at this point we propose to violate all the proper principles of lobbying. The present law fixes the Federal share of project costs at 90 percent, neither more nor less. We agree with you and with Mr. Ford and Mr. Coleman that this is a bit overgenerous. We believe that the Act should be amended to make 90 percent a ceiling on the Federal share.

But back to Title XI in action. The Secretary of Education, in weighing the merits of a proposal, is instructed to look at the degree of local government participation in the development of the proposal, to examine the comments of the local government involved and to give priority to applications in which more than one urban institution is involved. He is not instructed and he is not expected to set limits on the subject matters to which such applications can be addressed. There is nothing whatever in the Act that can be used to give preference among applicants to either public or independent universities.

If, for an example, the City of Chicago asks Columbia College and/or the University of Illinois at Chicago and/or Northeastern Illinois University and/or Chicago

State to help it develop a long-range mass transit plan or to help it cope with particular urban problems of the elementary and secondary school system, there is nothing in Title XI that gives the Secretary of Education the authority to decide that mass transit or elementary and secondary education are or are not appropriate issues for Chicago to put at the top of its agenda. On the other hand, the Secretary may freely decide, through the peer review process, whether or not such an application looks like a good bet for success, and whether or not it compares favorably with other applications in the area of cost-effectiveness. He may certainly look at the resources of the applicant university or consortium and make a judgment as to whether or not they will sustain the offering of research or services that they have tendered to the city. These are wholly valid bases for the Secretary to use in choosing among applicants. In order to leave him relatively unfettered in making such choices, the Title avoids distribution formulas. The heart of Title XI and the core of its view of the best way to use the urban university as a tool for the city is the assumption that the city is the best judge of its own needs and that the university is the best judge of its own capacity in a given area.

The other members of our panel will speak, Mr. Chairman, on their own experiences in the building of linkages. We can respond to questions any of you have on the legislaton itself. But before finishing, I would address myself to one question. "Why should we reauthorize a program which has remained unfunded since its enactment?"

We are aware, Mr. Chairman, that Title XI was born in difficult times. The Association of Urban Universities, like the remainder of the higher education community, has freely and unhesitatingly testified, even while asking for Title XI funds, that Title XI is not the highest priority of higher education. There are higher priorities appropriately attached to student financial assistance. Our own urban institutions would put a higher priority on programs aimed at our particular clienteles—the first-generation college or university student, and the so-called "non-traditional student" who now constitutes the majority of the consumers of higher education.

There are titles, such as Title VII, which have been unfunded for many years but which should nevertheless be reauthorized and carefully examined for funding, because the needs have grown in the years since funding. There are also new initiatives in your own bill, Mr. Chairman, notably including the adult literacy program which we support as being of vital importance to the nation's most basic concerns.

Nevertheless, we believe that there will be a time, and that soon, when the nation will rediscover the unchanging fact that the welfare of our cities is a matter of prime national interest and that the possibility of letting the urban universities play a role in the coming urban renaissance similar to that the land-grant universities played in America's agricultural miracle is one we cannot afford to neglect.

We do not ask, Mr. Chairman, that Title XI be put at the head of your list of priorities. We share the view of the ramainder of the higher education community that student aid should continue to occupy that place. But we do urge that you leave this useful authority on the statute books, made neater and tighter by the amendments you and your colleagues have proposed, and ready for funding when this or a later Congress or Administration suggest its use.

Mr. Chairman, there is an old, honored and generally valid rule of legislative thumb. Let me rephrase it slightly with regard to Title XI:

"It ain't broke, so don't fix it. But, financially, it IS broke, so do fund it."

Mr. Chairman, while my testimony has primarily been pointed at Title XI, there are a few provisions in Title IV, dealing with student financial assistance, with which the urban universities have a direct concern. One of these is the question of how to determine the cost-of-living under the Pell Grant Program, for so-called commuter students, i.e., those students who do not live on the campus or in campus-sponsored housing.

We believe that HR 5240 takes a step in the wrong direction on this issue.

Your bill prescribes that the cost-of-living element in the Pell Grant equation shall vary according to whether students live on campus, off-campus in housing of their own, or at home. If students live at home, your bill assumes that it costs them $1,200.00 to eat and clothe themselves; if they live in town, but away from home, your bill assumes it costs them $1,600.00, and if they live on campus or in campus-subsidized housing, your bill would allocate $2,000.00 for this same purpose.

It is certainly possible, Mr. Chairman, to make valid statistical analyses showing that on a national aggregate basis, it costs more to live away from home than at home. And it is possible, though less obviously so, that it may cost the "average" student less to live off campus in non-subsidized housing than off-campus in subsidized housing or on campus in a dormitory.

But such statistics, Mr. Chairman, beg the question. Surely, the urban universities could unquestionably make a case that is costs the typical urban student, living at or away from home, more to live than it costs in a non-urban setting. But, Mr. Chairman, such statistics would no more justify a higher cost-of-living figure for urban students than similar statistics justify one for a student who lives in a dormitory.

Last year, after a decade of assuming that commuter students automatically had lower living costs than dormitory residents, the Congress, under your leadership and that of your colleague from Michigan, Mr. Ford, increased the commuter allowance to parity with other students. That was not an act which was justified by its statistical impact on a particular kind of college. It was a simple act of justice, ending a decade of discrimination against commuter students. I am afraid, Mr. Chairman, that Sec. 402(c)(2) of HR 5240 would reverse your victory of last year. And it should not.

I understand, Mr. Chairman, that budget considerations may have persuaded you to look for areas of economy, and that a differential based on the kind of housing a student chooses—a choice, Mr. Chairman, that is as least partly determined by what kind of housing the institution chooses to offer—provides some such economies.

But, Mr. Chairman, even economies do not justify making arbitrary and unjust distinctions. And to distinguish among students on this basis, is both arbitrary and unjust. We believe, Mr. Chairman, that a cost-of-living allowance, set at the same rate across-the-board, would be fairer than a variable rate which selects living arrangements as the basis for the variation. Mr. Chairman, we believe the present $2,000.00 is a minimum and fair cost-of-living allowance. But if it must be reduced in the name of economy, let us reduce it equitably and uniformly.

The Association of Urban Universities has not, Mr. Chairman, calculated what its members, individually or in the aggregate, would "gain" or "lose" through the application of a commuter differential in estimating the cost-of-living factor in a Pell Grant award. We believe it would be wrong even though some of our members do have dormitories and would if fact benefit, at the expense of other institutions, in the aggregate total of their Pell Grant income. Gain or lose, we fail to see the legitimacy of this particular distinction, as a budgetary device, or its relevance to the contemporary educational scene.

STATEMENT OF FATHER EDWARD GLYNN, PRESIDENT, ST. PETER'S COLLEGE

Father GLYNN. Thank you, Mr. Chairman.

Mr. KOGOVSEK. Yes, Fr. Glynn, I think we're going to go ahead and let you start. Please proceed.

Father GLYNN. Mr. Chairman, I am Edward Glynn, president of St. Peter's College in Jersey City, NJ. I am appearing today in my capacity as a member of the board of directors of the Association of Urban Universities, in response to your invitation to testify on the reauthorization of the Higher Education Act.

My comments will be directed primarily toward the reauthorization of title XI of that act, as provided in this bill and in H.R. 3384, introduced by your distinguished colleagues, Mr. Ford of Michigan and Mr. Coleman of Missouri.

I am accompanied today by Dr. Robert Corrigan, chancellor of the University of Massachusetts at Boston, and Dr. Bernard Harleston, president of the City College of New York, both of whom will offer testimony illustrative of what we all believe title XI can do if reauthorized and modestly funded.

We also have with us Jim Harrison, president of the Association of Urban Universities, who will not offer testimony, as such, but who is prepared to respond to any question you or members of the subcommittee wish to direct toward the contents of the existing title XI or the provisions of the reauthorization legislation.

Title XI, the Urban Grant University Program, was originally enacted on October 3, 1980. Urban Grant was one of the few new

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initiatives of the 1980 amendments and became law at an inauspicious moment for new education programs. The Association of Urban Universities and the higher education community have sought funding for title XI in the three appropriation cycles that have followed its enactment. But we have been unsuccessful.

Despite these temporary disappointments, we come to you and ask enthusiastically for a reauthorization of title XI and also for a second chance to put its concept to the text and the abilities of the urban universities to work.

The concept of Urban Grant is a simple one. The present title provides for modest appropriations from which the Secretary of Education can make to urban universities small grants on the basis of competitive applications. These grants will enable universities to provide appropriate applied research and related services to meet the needs that are perceived as high priority requirements by the metropolitan areas where those institutions are located.

That simple paragraph Mr. Chairman, just about sums up title XI.

It may be helpful to the subcommittee if I comment on what the title does not do. Such comments may assist you in understanding both the reach of our hopes and the limits of our expectations. Most significantly, title XI and its backers have never believed that we or it can solve the problems of our cities. Our cities are faced with a myriad of problems. No two cities face the same list of questions, nor do they face a list in the same order of priority.

The cities are governed, for the most part, by freely elected, dedicated, and hard-working mayors and council members, who know their business and who are every bit as well equipped to run these cities and counties as we are to manage the urban universities for which we speak.

We do not come to you to suggest that we have a secret formula for the governing of the city, or that given an unlimited checkbook, unfettered access to the levers of power, and total freedom from responsibility for our actions, that we can remake the cities overnight.

But speaking as citizens of our cities and as heads of institutions which provide a substantial portion of the human and intellectual resources of those cities, we firmly believe that, first, we can contribute to alleviating some of the problems that our cities face. And second, that we have an obligation to contribute to alleviating these problems.

We hold both beliefs subject to the understanding that the selection of priorities among problems and that the final decisions as to how problems will be met must remain the particular province of those chosen by their fellow citizens to make such decisions. The Urban Universities stand ready to put their skills, their resources, and their talents at the service of their cities through close cooperation with city hall and the county courthouse in tackling the problems that those institutions have decided are of high priority, and that we and our faculty believe we have competence to address.

We have always visualized Urban Grant working in the way such town-gown linkage is already working in many American cities on an informal basis. The responsible people in city hall or

the county courthouse will sit down with the responsible executives of an urban university and identify first what the local government needs in the way of applied research or related services.

Second, identify what talents or resources the urban university already possesses that can assist in meeting those needs. And third, identify where there is an area of coincidence between those needs and those talents and resources.

After discovering where the university may be able to help, both parties then proceed to develop a proposal by which the university's resources and talents can be put to work on the city's problems. Under title XI, the university could then apply to the Secretary of Education for a modest grant to meet 90 percent of the cost of such a proposal.

Incidentally, Mr. Chairman, at this point we propose to violate all the proper principles of lobbying. The present law fixes the Federal share of project costs at 90 percent, neither more nor less. We agree with you and Mr. Ford and Mr. Coleman that this is a bit overgenerous. We believe that the act should be amended to make 90 percent a ceiling on the Federal share.

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There is nothing whatever in the act that could be used to give preference among applicants to either public or independent universities.

If, for example, the city of Chicago asked Columbia College and/or the University of Illinois at Chicago and/or Northeastern Illinois University and/or Chicago State to help it develop a longrange mass transit plan or to help it cope with particular urban problems of the elementary and secondary school system, there is nothing in title XI that gives the Secretary of Education the authority to decide that mass transit or elementary and secondary education are or are not appropriate issues for Chicago to put at the top of its agenda.

On the other hand, the Secretary may freely decide through the peer review process whether or not such an application looks like a good bet for success and whether or not it compares favorably with other applications in the area of cost-effectiveness. You may certainly look at the resources of the applicant university or consortium and make a judgment as to whether or not they will sustain the offering of research or services that they have tendered to the cities.

These are wholly valid bases for the Secretary to use in choosing among applicants. In order to leave the Secretary relatively unfettered in making such choices, the title avoids distribution formulas. The heart of title XI and the core of its view of the best way to use the urban university as a tool for the city is the assumption that the city is the best judge of its own needs and that the university is the best judge of its own capacity in a given area.

Other witnesses, representing the Association of Urban Universities, will speak today on their own experiences in the building of linkages. We can respond to questions any of you have on the legislation itself. I wish, however, to anticipate at this time one question. Why should we reauthorize a program which has remained unfunded since its enactment? We are aware that title XI was born in difficult times. The Association of Urban Universities, like the remainder of the higher education community, has freely and unhesitatingly testified, even while asking for title XI funds, that title XI is not the highest priority of higher education. There are higher priorities appropriately attached to student financial assistance. Our own urban institutions would put a higher priority on programs aimed at particular clientele, the first generation college or university student and the so-called "non-traditional student" who now constitute the majority of the consumers of higher education.

There are titles such as title VII, which has been unfunded for many years, but which should, nevertheless, be reauthorized and carefully examined for funding because the needs have grown in the years since funding. There are also new initiatives, notably including the adult literacy program which we support as being of vital importance to the Nation's most basic concerns.

Nevertheless, we believe that there will be a time, and that soon, when the Nation will rediscover the unchanging fact that the welfare of our cities is a matter of prime national interest, and that the possibility of letting urban universities play a role in the coming urban renaissance, similar to that the land grant universities played in America's agricultural miracle, is a possibility we cannot afford to neglect.

We do not ask that title XI be put at the head of your list of priorities. We share with the remainder of the higher education community the view that student aid should continue to occupy that place.

But we do urge that you leave this useful authority on the statute books, made neater and tighter by the amendments you and your colleagues have proposed and ready for funding when this or a later Congress or administration suggests its use.

There is an old, honored, and generally valid rule of legislative thumb. Let me rephrase it slightly with regard to title XI. "It ain't broke, don't fix it. But financially it is broke, so do fund it."

Mr. Chairman my testimony has primarily been pointed at title XI but there are a few provisions in title IV dealing with student financial assistance, with which the urban universities have a direct concern. One of these is the question of how to determine the cost of living under the Pell Grant Program for the so-called "commuter students", that is, those students who do not live on the campus or in campus-sponsored housing.

We believe that H.R. 5240 takes a step in the wrong direction on this issue. The bill prescribes that the cost of living element in the Pell Grant equation should vary according to whether students live on campus, off campus in housing of their own, or at home. If students live at home, the bill assumes that it costs them $1,200 to eat and clothe themselves. If they live in town but away from home, the bill assumes it costs them $1,600. And if they live on campus or

in campus authorized, subsidized housing, your bill would allocate $2,000 for this same purpose.

It is certainly possible to make valid statistical analyses showing that on a national aggregate basis it costs more to live away from home than at home. And it is possible, though less obviously so, that it may cost the average student less to live off campus in non-subsidized housing than off campus in subsidized housing, or on campus in a dormitory.

But such statistics beg the question. Surely the urban universities could unquestionably make a case that it costs the typical urban student, living at or away from home, more to live than it costs to live in a nonurban setting.

But such statistics would no more justify a higher cost of living figure for urban students than similar statistics justify for a student who lives in a dormitory.

Last year, after a decade of assuming that commuter students automatically had lower costs than dormitory residents, the Congress, under the leadership of Mr. Simon and that of his colleague from Michigan, Mr. Ford, increased the commuter allowance toward parity with other students. That was not an act which was justified by its statistical impact on a particular kind of college. It was an act of simple justice, after a decade of discrimination against commuter students.

I am afraid that section 402(c)2 of H.R. 5240 could reverse that victory of last year. And it should not.

I understand that budget considerations may have persuaded the committee to look for areas of economy and that a differential based on the kind of housing a student chooses—a choice, Mr. Chairman, that is at least partly determined by what kind of institution chooses to offer—provides some such economy.

But even economies do not justify making arbitrary and unjust distinctions and to distinguish between students on this basis is both arbitrary and unjust.

We believe that a cost of living allowance set at the same rate across the board would be fairer than a variable rate which selects living arrangements as the basis for the variation. We believe that the present $2,000 is a minimum and fair cost of living allowance. But if it must be reduced in the name of economy, let us reduce it equitably and uniformly.

The Association of Urban Universities has not calculated what its members, individually or in the aggregate, would gain or lose with the application of a commuter differential in estimating the cost of living factor in a Pell Grant award. We believe it would be wrong, even though some of our members do have dormitories and would, in fact, benefit at the expense of other institutions in the aggregate total of their Pell Grant income. Gain or lose, we fail to see the legitimacy of this particular distinction as a budgetary device, or its relevance to the contemporary educational scene.

Thank you, Mr. Chairman.

Mr. KOGOVSEK. Thank you very much, Father Glynn, for your testimony. What I would like to do is hold all questions of anyone until the whole panel has a chance to testify, if that's OK with the panel and that's OK with the committee.

So, with that we will proceed to Flora Mancuso Edwards.

Let me say to the people who are here testifying that it would be helpful to the committee, and this is not a criticism of Father Glynn, if you feel more comfortable summarizing your testimony, that we will submit each and every word that you have in your prepared text as part of the record, for the sake of saving some time. But I will leave it up to each and every one of you to do as you wish.

[The prepared statement of Flora Mancuso Edwards follows:]

PREPARED STATEMENT OF FLORA MANCUSO EDWARDS, PRESIDENT, HOSTOS COMMUNITY COLLEGE, CITY UNIVERSITY OF NEW YORK

Congressman Simon, distinguished members of the Subcommittee on Postsecondary Education, I wish to thank you for giving me this opportunity to testify before you regarding the reauthorization of the Higher Education Act of 1965.

I am Flora Mancuso Edwards, president of Hostos Community College, one of the eighteen colleges which together comprise the City University of New York. Of the 4,500 students enrolled at Hostos, over 50 percent are enrolled in business and allied health programs. Our student body, is essentially, a non-traditional one. Over 50 percent of our students are over the age of 25. Over 65 percent are female and sole support of households with two or more children, 90 percent are Hispanics 65 percent come to us requiring intensive English second language instruction. Eighty percent earn or come from families which earn less than $8,000 per year, 99 percent receive Federal and State supported financial aid. The income level of our graduates, however, averages approximately $20,000 per year. Hostos, then, as do many of our nations urban community colleges, serve as a vehicle—a vehicle to provide access to educational opportunity; access to the labor force, access to social mobility.

It is against this background that I offer my comments on the Higher Education Act.

The emphasis on expanded access, simplification and streamlining of student aid programs, enhancement of quality and incentives for endowment development programs all hold great promise for higher education in general and urban higher education in particular.

Specifically, the importance of converting the Pell grants program to an entitlement cannot be underestimated. If indeed, the original concept of the Pell grant as a true guarantee of access to higher education still obtains, than the security of these grants is central to the continued success of any college whose mission is one of access and opportunity. At Hostos alone, a relatively small institution for an urban area, over 4,350 students received Pell grants of approximately $1,050 each, this year, with payments totaling $4,592,717. Without this aid—a relatively small short-term investment for a long-term gain—few if any of our students would be able to underwrite the modest costs of even a part-time education. If we as a nation are truly committed to concept of education as an enfranchising vehicle, then a true floor of access in postsecondary opportunity must be assured.

Of equal importance to our urban community colleges—and to Hostos in particular is the extent to which provision can be made to "mainstream" the adult learner of limited English proficiency. Mention is made here of Title I which has within it both educational outreach and literacy training. Indeed, for an adult, thrust into a fast-moving, competitive, highly technological environment—the prerequisite skills in the English language become the one indispensable element in any equation leading to economic viability. The value of all other training is proportionately diminished by the lack of preparedness or fluency in English. As a response to this pressing need—a need almost above all others—perhaps the scope of title I—which at present appears somewhat diffuse—might not be sharpened to focus on those specific functional barriers that hinder and discourage the adult learner and to encourage institutional responses to the fundamental questions of adult illiteracy, and more clearly identifying those skills without which access both to higher education and to the labor market becomes unlikely.

Lastly, I would like to focus attention on title XI which authorizes an urban grant university program for the purpose of aiding urban universities in what is currently solely research in seeking solutions to urban problems. It is my understanding that a simple extention of title XI will be recommended. Located as we are in Bronx County—subject of considerable research and an ever greater amount of publicity—I cannot help but wonder if a concentrated research effort alone can truly shed light on the complex problems facing our urban centers. In the area—the South Bronx—

immediately served by the college of the 400,000 residents one-third of the families report income of less than $6,000 per year, 41 percent of the households are receiving public assistance other than social security, 63 percent of the residents over the age of 25 do not possess a high school diploma, and the average unemployment rate is 20 percent. In response, our community colleges in cooperation with a number of Bronx based organization and local development corporations have initiated an amazing variety of short- and long-term training and literacy programs from high school equivalency to welding to word processing reaching over 5,000 Bronx residents a year. Simultaneously, and in exquisite isolation—research studies, projections, case histories, policy analyses and no small number of doctoral dissertations all attempt to grapple with the issue of urban deterioration, regeneration and renewal from an almost equally bewildering variety of perspectives. Yet there remain—at least for me—a number of questions that have yet to be answered. Questions such as the true relationship of manpower training to the stability of the industrial base, the effect of training on the stability of a given residential area, the impact of short vs. long-term training programs on longevity and/or mobility within the labor force. These questions cannot, I believe be answered in isolation. Perhaps, our national interest would be far better served—as would the long-range investment of manpower and training dollars—if title XI funds made provision for applied research tied to pilot initiatives in economic development and manpower training.

Our urban community colleges dedicated to the development of a trained labor force and deeply involved in local development issues could serve as an integral part of a collaborative effort with our great metropolitan research centers. A team approach wedding theory and practice might indeed find answers to some of these questions and in the long run I believe would have far greater impact and will make a far greater contribution to the resolution of the problems facing our Nation's cities.

In conclusion we have before us a great opportunity and challenge—the opportunity to extend to our citizenry the hope that all who come with determination and ambition to this country's shores can still fulfull the dreams that generations before them fulfilled—and the challenge to provide the means by which these dreams can become reality.

Thank you.

STATEMENT OF FLORA MANCUSO EDWARDS, PRESIDENT, HOSTOS COMMUNITY COLLEGE

Ms. EDWARDS. Thank you very much. I will make every effort to be brief.

Distinguished members of the Subcommittee on Postsecondary Education, I wish to take this opportunity to thank you for allowing me to testify before you regarding the reauthorization of the Higher Education Act. I am Flora Mancuso Edwards, president of Hostos Community College, 1 of the 18 colleges which together comprise the City University of New York. Of the 4,500 students enrolled at Hostos, over 50 percent are enrolled in the business and allied health programs. Our student body is essentially a nontraditional one. Over 50 percent of our students are over the age of 25. Over 65 percent are female and sole supports of their households with two or more children. Ninety percent are Hispanic. Sixty-five percent come to us speaking little or no English. Eighty percent earn or come from families which earn less than $8,000 per year. Ninety-nine percent receive Federal and State-supported financial aid.

The income level, at the other end, of our graduates, averages approximately $20,000 a year. Hostos then, as do many of our Nation's urban community colleges, serves as a vehicle, a vehicle to provide access to educational opportunity, access to the labor force, access to social mobility. It is against this background that I offer my comments on the Higher Education Act. The emphasis on expanded access, simplification, and streamlining of student aid pro-

grams, enhancement of quality, and incentives for endowment development programs, all hold great promise for higher education in general and urban higher education in particular.

Specifically, the importance of converting the Pell Grants Program to an entitlement cannot be underestimated. If, indeed, the original concept of the Pell Grant as a true guarantee of access to higher education still obtains, then the security of these grants is essential to the continued success of any college whose mission is one of access and opportunity.

At Hostos alone, a relatively small institution for an urban area, close to 4,400 students received Pell Grants this year of approximately $1,000 each, with total payments of approximately $4½ million. Without this aid, few if any of our students would be able to underwrite the modest cost of even a part-time education. If we as a nation are truly committed to the concept of education as an enfranchising vehicle, then a true floor of access in postsecondary opportunity must be assured.

Of equal importance to our urban community colleges, and to Hostos in particular, is the extent to which provision can be made to mainstream the adult learner of limited English proficiency. Mention is made here of title I, which has within it both educational outreach and literacy training. Indeed, for an adult thrust into a fast-moving, competitive, and highly technological environment, the prerequisite skills in the English language become the one indispensible element in any equation leading to economic viability. The value of all other training is proportionately diminished by the lack of preparedness or fluency in English.

As a response to this pressing need, the scope of title I appears somewhat diffuse. Perhaps it might be sharpened to focus on those specific functional barriers that hinder and discourage the adult learner, and to encourage comprehensive institutional responses to the fundamental questions of adult literacy.

Last, I would like to focus attention on title XI, but from a slightly different perspective. It is my understanding that a simple extension of title XI will be recommended. Located as we are in Bronx County, subject of considerable research and an ever greater amount of publicity, I cannot help but wonder if a concentrated research effort alone can truly shed light on the complex problems facing our urban centers. In the area immediately served by the college, of the close to half a million residents, one-third of the families report income of less than $6,000 a year. Forty-one percent of the households are receiving public assistance other than Social Security. Sixty-three percent of the residents of the area are of the age of 25 or older and do not possess a high school diploma. And the average unemployment rate is 20 percent.

In response, our community colleges, in cooperation with a number of Bronx-based organizations and local development corporations, have initiated what I can only characterize as an amazing variety of short- and long-term training and literacy programs, from high school equivalency to welding to word processing, reaching 5,000 Bronx residents a year, at the very least.

Simultaneously, in an exquisite isolation, research studies, projections, case histories, policy analysis, and a small number of doctoral dissertations all attempt to grapple with the issue of urban

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deterioration, regeneration, and renewal, from an almost equally bewildering variety of perspectives.

But there remains, at least for me, a number of questions that have yet to be answered, questions such as the true relationship of manpower training to the stability of the industrial base. Questions such as the effect of training on the stability of a given residential area, and I might add just anecdotally, one of the things we find is that as we train people move. The neighborhood doesn't change; their lives do. But the neighborhoods don't. And there's a lot of out-movement.

The impact of short-term versus long-term training programs on longevity and/or mobility within the labor force. In other words, I would ask how much of all of this is working.

These questions cannot, I believe, be answered in isolation. Perhaps our national interest would be far better served as would the long-range investment of manpower and training dollars, if title XI funds made some provision for applied research, tied to carefully constructed pilot initiatives in economic development and manpower training.

Our urban community college is dedicated to the development of a trained labor force and deeply involved in the local development issues and it could serve as an integral part of the collaborative effort with our great metropolitan research centers. A team approach, wedding theory and practice, would indeed find answers to some of these questions and, in the long run, I believe, would have a far greater impact and will make a far greater contribution to the resolution of the problems facing our Nation's cities.

In conclusion, we have before us a great opportunity and a challenge, the opportunity to extend to our citizenry the hope that all who come with determination and ambition to this country's shores can still fulfill the dreams of generations before them, and the challenge here to provide the means by which these dreams can become reality.

Thank you.

Mr. KOGOVSEK. Thank you very much for a very interesting statement.

Dr. Robert Corrigan, chancellor of the University of Massachusetts at Boston? You may proceed, Doctor.

[Prepared statement of Dr. Robert A. Corrigan follows:]

PREPARED STATEMENT OF ROBERT A. CORRIGAN, CHANCELLOR, UNIVERSITY OF MASSACHUSETTS/BOSTON

Thank you Mr. Chairman.

I am Robert Corrigan, Chancellor of the University of Massachusetts at Boston. I am grateful for this opportunity to testify along with Presidents Harleston and Glynn, in support of the reauthorization of the Higher Education Act, and specifically in support of the provisions and intent of Title XI, the "Urban Grant" section of the Act. Father Glynn has spoken of the broad provisions of the Act and of Title XI. I will discuss how institutions like UMass/Boston engage in activities to be supported by Title XI and how much more we would be able to do were Title XI to be funded by the Congress.

The University of Massachusetts at Boston is only 20 years old. We are part, however, of a system that, for 120 years, has actively practiced the kinds of service embodied in the land-grant tradition. We know and understand that tradition well. I, myself, have been a teacher and administrator at land-grant institutions in Iowa, Missouri and Maryland. I deeply appreciate the enormous impact that the Land Grant Act has had on rural America during its 120 years. This Committee is to be

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congratulated for its vision in seeing the importance of translating that tradition into the urban context.

You should know that UMass/Boston is very much the prototype of the modern public urban university:

The median family income of our students who ar financially dependent on their parents is $17,000. Approximately 40% of these families make less than $15,000. For those students who have left the home, the median income is under $4,000.

18 percent of our total student population is minority, as is 22 percent of this year's entering class.

54 percent are women.

Our median student age is 28 and 36 percent of newly enrolled students are over 25.

80 percent of our students work twenty or more hours per week.

97 percent are natives of Massachusetts and 72 percent are from the inner city or the inner suburbs.

There is no question that higher education has a role to play in the city. With the resources currently available to the University, we have established many programs within the urban communities and placed ever-increasing emphasis on basic and applied research which addresses the problems of an urban environment.

Some of the activities we are presently engaged in include:

Operation of an Adult Literacy Resource Institute, in cooperation with Roxbury Community College, which provides technical assistance and staff support to 18 neighborhood agencies that deliver basic education services to inner city illiterate adults.

An Occupational Literacy project in the South Boston and Mission Hill Neighborhoods, which combines basic education and job training for 75 unemployed and illiterate adults.

Information and orientation workshops for new members of the City Council and School Committee.

Technical assistance and teacher training in our neighboring McCormack School where reading and writing scores have showed measurable improvement.

Consultation to several public housing projects leading to creation or improvement in recreation for adolescents, day care, services to elderly.

Staff assistance to several government agencies, such as the new mayor's transition team, the State Departments of Social Services and Public Welfare.

Training for day care teachers and day care managers.

Providing mediation services to help mediate disputes between public housing tenants and housing managers.

A study of fish and shellfish in Boston Harbor to determine the degree of hazard to public health and safety occassioned by pollutants in the Harbor.

Let me describe in more detail two areas of public service in which the University has been very strongly committed.

It has been apparent for years that Boston Harbor, although scenically spectacular, is seriously polluted—a "toilet bowl" is the unglamorous image often invoked. UMass/Boston is located on a peninsula on the Harbor. Because we are aware of both the beauty and pollution of the Harbor and have a direct interest in its effective management, we have recently instituted a major PhD program in the Environmental Sciences. This program's major research thrust is into the chemistry, biology and even the politics of urban harbors and coastlines with Boston Harbor as the primary case study. We have also developed a proposal to create a research institute affiliated with the Environmental Sciences program, which would be the first "oceanographic" institute to concentrate its research specifically on the urban harbor and developed coastlines. In addition, UMass/Boston helped institute and provides institutional support for a special State commission which is charged with studying and recommending solutions to the problem of Boston Harbor's pollution. Through all these efforts, the University is committed to serving the environmental needs of the City and the Commonwealth.

A second example is the area of primary and secondary public education. Since the mid-1960's (and exacerbated by the unfortunate desegregation crisis of the 1970's) the Boston Public Schools have suffered a perceptible decline in the quality and volume of educational services. Like other urban systems, standard test scores have gone down, attrition rates have gone up, and the demand on scarce resources by meritorious but expensive special-education and bilingual-education programs has increased. Through our Institute for Learning and Teaching, established in 1970, highly-skilled professionals have approached urban public school teachers, par-

ents, pupils and administrators (in Boston and surrounding cities), worked with them to help understand their problems and assess their needs, sought external funding for and helped implement a broad range of in-service programs. Areas of particular emphasis are writing skills and the teaching of writing, computer education, and upgrading of the teaching of mathematics and science. We have also developed several direct intervention programs designed to locate and assist student populations who might otherwise go unheeded.

In each of these examples, and in many other areas, a funded and functioning Urban Grant program would be of invaluable assistance. Not for aid in basic research or for the training of academic professionals—that funding properly comes from other sources—but for assistance in coordination and efficient delivery of our services to the public or to City and State authorities. Urban Grant funding can buy time to reflect and to plan, through retreats and seminars; it can buy clear definitions and reasoned statements of problems; it can buy well-written and understandable reports and analyses; it can buy effective and efficient strategies for solutions to these problems.

Thank you for your attention and concern. Let me close by again urging continuation and funding of Title XI of the Higher Education Act.

STATEMENT OF DR. ROBERT C. CORRIGAN, CHANCELLOR, UNIVERSITY OF MASSACHUSETTS AT BOSTON

Dr. CORRIGAN. Thank you.

Mr. Chairman, I am Robert Corrigan, chancellor of the University of Massachusetts at Boston and I am grateful for this opportunity to testify along with presidents Harleston and Glynn in support of the reauthorization of the Higher Education Act and specifically in support of the provisions and intent of title XI, the Urban Grant section of the act.

Dr. Glynn has spoken of the broad provisions of the act and of title XI. I will discuss how institutions like the University of Massachusetts at Boston engage in activities to be supported by title XI, and how much more we would be able to do were title XI to be funded by the Congress.

The University of Massachusetts at Boston is 20 years old. We are part, however, of a system that is 120 years old and has actively practiced the kinds of service embodied in the land grant tradition. We know and we understand that tradition very well. I, myself, have been a teacher and/or administrator at land grant institutions in Iowa, Missouri, and Maryland, and I deeply appreciate the enormous impact that the Land Grant Act had on rural Americans during its 120 years.

This committee is to be congratulated for its vision in seeing the importance of translating that tradition into the urban context.

You should know about my institutions, that the University of Massachusetts at Boston, is very much the prototype of the modern, public, urban university. Our median family income for our students, living at home, is $15,000. For those who have left the home it is $4,000 annually. Eighteen percent of our student population is minority and 22 percent of this year's entering class were minority.

Fifty-four percent of our students are women. Our median student age at a university is 27. And 36 percent of the newly enrolled students at University of Massachusetts at Boston are over 25. Eighty percent of our students work at least 20 hours per week. Ninety-seven percent are natives of the Commonwealth of Massachusetts and 72 percent are from the inner city or the inner suburbs.

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There is no question that higher education has a role to play in the city and with the resources currently available to the university we have already established many programs within the urban communities and placed ever-increasing emphases on basic and applied research which addresses the problems of an urban environment.

I'd like very quickly to identify several of these that we have done at the University of Massachusetts at Boston.

For example, in cooperation with Roxbury Community College, the operation of Adult Literacy Resource Institute, which provides technical assistance and staff support to 18 neighborhood agencies which deliver basic education services to inner city illiterate adults, and occupational literacy project in predominantly white south Boston and predominantly minority Mission Hill, which combines basic education and job training for 75 unemployed and illiterate adults.

Information and orientation workshops for new members of the city council and new members of the City School Committee. Technical assistance and teacher service training in our neighboring McCormick School where reading and writing courses, scores, have shown measurable improvement because of the courses.

Consultation to several public housing projects leading to the creation or improvement in recreation for adolescents, day care services to the elderly, and the like.

Staff assistance to several government agencies such as the new Mayor's Transition Team, the State Departments of Social Services and Public Welfare.

Training for day care teachers and day care managers. Providing mediation services to help mediate disputes between public housing tenants and housing managers.

A study of fish and shellfish in Boston Harbor to determine the degree of hazard to public health and safety occasioned by pollutants in the harbor.

Of these, let me describe in a little bit more detail two of the public services activities which we have engaged in. I think that it has been apparent for years that Boston Harbor, although scenically spectacular, is seriously polluted. It's been called a toilet bowl by the Boston Globe, a very unglamorous image.

And the University of Massachusetts at Boston is located on a peninsula on the harbor itself. And because we are aware of both the beauty and the pollution of the harbor and have had a direct interest in its effective management, we recently instituted a major doctoral program in environmental sciences. This program's major research thrust is into the chemistry, biology, and even the politics of urban harbors and coastlines, with Boston Harbor as the primary case study.

We have also developed a proposal to create a research institute affiliated with this environmental sciences program which will be the first oceanographic institute to concentrate its research specifically on the urban harbor and on developed coastline. In the addition University of Massachusetts at Boston helped institute and provides institutional support for a special State commission which is charged with studying and recommending solutions to the problem of Boston Harbor's pollution.

Through all these efforts the university is committed to serving the environmental needs of the city and the Commonwealth.

A second example is the area of primary and secondary public education. Since the mid-1960's and exacerbated by the desegregation crisis of the 1970's, the Boston public schools have suffered a perceptible decline in the quality and the volume of its educational services. Like other urban systems, standard test scores have gone down. Attrition rates have gone up.

For example, only 53 percent of those students who are in the ninth grade now in the Boston public schools will, in fact, graduate. Forty-seven percent of this year's ninth graders will not graduate from high school in Boston.

The demand on scarce resources by meritorious but expensive special education and bilingual education programs has increased enormously. Through our Institute for Learning and Teaching, established in 1970, highly skilled professionals have approached urban public school teachers, parents, pupils, and administrators in Boston and surrounding communities, worked with them to help understand their problems, and to assess their needs, sought external funding for and helped implement a broad range of inservice programs.

Areas of particular emphases are writing skills and the teaching of writing, computer education, and the upgrading of the teaching of mathematics and science. We have also developed several direct intervention programs designed to locate and assist student populations who might otherwise go unheeded.

In each of these examples, Mr. Chairman, and in many other areas, a funded and functioning Urban Grant Program would be of invaluable assistance, not for aid in basic research or for the training of academic professionals. That funding properly comes from other sources. But for assistance and coordination and efficient delivery of our services to the public or to the city and State authorities.

Urban grant funding can buy time to reflect and to plan, through retreats and seminars. It can buy clear definitions and reasoned statements of problems, and buy well written and understandable reports and analyses. It can buy effective and efficient strategies for solutions to these and other problems.

Thank you for your concern and attention and let me close again by urging both the continuation and the funding of title XI of the Higher Education Act.

Mr. KOGOVSEK. Thank you very much, Dr. Corrigan. The next witness will be Dr. Bernard Harleston. Am I saying that correctly, Doctor?

Dr. HARLESTON. Mostly. [Laughter.]

Mr. KOGOVSEK. When you have a name like Kogovsek, you pay attention to people's last names. Welcome, Doctor, and please proceed.

[Prepared statement of Dr. Bernard Harleston follows:]

PREPARED STATEMENT OF DR. BERNARD W. HARLESTON, PRESIDENT, THE CITY COLLEGE OF NEW YORK

Mr. Chairman, I am Bernard Harleston, president of the City College of the City University of New York. I appear today in my capacity as a member of the Board of

Directors of the Association of Urban Universities, and in response to your invitation to testify on your bill to reauthorize the Higher Education Act. I will focus primarily on the reauthorization of title XI of the act, as provided for in your bill, H.R. 5240.

I am here today with my colleagues, Dr. Mike Alexandroff, President of Columbia College, Chicago, Illinois, and Dr. Robert Corrigan, Chancellor of the University of Massachusetts at Boston. Both of them will share with you examples of what we believe title XI can make possible if reauthorized and funded. Jim Harrison, president of the Association of Urban Universities, is also present and, while not offering testimony, will respond to questions you, or any member of the subcommittee wishes to direct towards the contents of the existing title XI or the provsions of the reauthorization legislation.

The City College of New York has been a pioneer in urban programs and activities to assist governmental agencies and civic groups and community organizations and agencies cope with the problems of the urban environment. It was at City College in 1968 that Dr. Clark Kerr, then president of the University of California system, and chairman of a Study on the Future of Higher Eduation, stated that "The United States today needs 67 urban-grant universities to stand beside its 67 land-grant universities." Dr. Kerr thought that a federal policy was required in order to provide the funds for universities to assist in the revitalization of the cities just as land-grant colleges revitalized agriculture. In the ensuing years since that speech, City College, located in the largest urban center in our country, has pursued a policy of understanding and developing programs of a professional nature for students who desire to live and practice their profession in the urban environment and, at the same time, provide technical expertise to the institutions, agencies and organizations that comprise the urban infrastructure.

Let me make it clear. The City College of New York does not see itself as a social service agency and does not function like one in the provision of our expertise. We look upon the opportunity to work with municipal and state agencies and community agencies and organizations as an expression of responsibility in an urban context and as an opportunity to reinforce, strengthen and broaden the learning environment, experiences and opportunities for faculty and students.

If I may, allow me to describe examples of the sharing of such expertise with governmental and other institutions in New York City, and the nature of the two way process that follows from the participation in such experiences.

The Harlem Urban Development Corporation (HUDC) is a State agency with responsibility for certain aspects of the physical redevelopment of Harlem. HUDC requested assistance from City College to determine the feasibility of a free trade zone, in connection with the International Trade Center (planned for construction on 125th Street), which is to promote trade with third world countries. Faculty was assigned to the project, and a final report to HUDC recommended how the zone might be established and the form of third world business linkage with American businesses that might support such trade.

HUDC also was interested in the potential for developing technology activity in the Harlem Valley, between Columbia University to the south and City College to the north. This would increase employment opportunities in an area that is already zoned for mixed industry, and make it possible for industry to take advantage of the laboratories and professional expertise that reside in the two institutions. City College has been working very closely with HUDC and has had consultations with Columbia University of such possibilities. The college has involved engineering, economic and science faculty in these explorations.

I might say that at the same time that HUDC requested this assistance, it worked with City College in the establishment of a Harlem Public Service Science Center, a non-profit civic organization designed to provide scientific and technical information to the community in order for it to make informed decisions related to scientific and technological development, and participated with a City College Planning Committee to determine the future of our "south campus," whose buildings were going "off line" in the context of a master plan for college facilities. What has occurred is the opportunity to establish mutual ways in which institutions can link and assist each other if the resources are available.

Another example, in this case involving a municipal agency, exemplifies the possibilities for urban higher education institutions if the bill is reauthorized and funded.

City College's School of Architecture and Environmental Studies established the City College Architectural Center in order to assist the community in the solving of some of its environmental problems. The center has two components—professional and academic. The professional component involves providing technical assistance in architecture and planning to organized groups in low and moderate income

neighborhoods throughout the city of New York. Projects range from large scale community development plans to open space development on empty lots. Ten students work on a part-time or full-time basis in projects requested by local organizations. Their work (which may earn them academic credit) is supervised by consultants in the field that include architects, planners, and engineers. City College owes a large measure of the success of this program to the housing preservation and development department of the city of New York (HPD). HPD recognized that City College could be a major resource for its long range goals of assisting community residents in securing and owning their own homes along with strengthening the institutional infrastructure of the community. With limited resources, HPD contracted with the City College Architectural Center to provide services to residents and nonprofit corporations that were intent on saving and preserving their communities through rehabilitation. The City College Architectural Center is involved in more than ten projects that attest to the potential of an urban institution's ability to perform when commitment and policy are clear and some modest financial resources are available.

This willingness to be responsive to the needs of government at all levels also generated a linkage return. HPD has been consistently supportive of City College's concern about the needs of the immediate community within which we are located, and has assisted us in the conduct of a survey of student housing needs and participated with HUDC on our South Campus Planning Committee.

In the city of New York we have community boards in all five counties. These community boards are extensions of municipal government in the communities and participate in municipal planning processes and the recommending of the allocation of capital funds. The people who serve on the community boards are volunteers. The district manager, the chief administrative officer, has limited staff and a score of committees to manage. City College was approached by the chairman of Community Board No. 9, Manhattan, to conduct a management study in order to ascertain how he could make the most efficient use of his scarce staff resources. City College undertook the request and provided a report and set of recommendations to the community board. In addition, we assisted the community board by making it possible for some of our students to serve as staff support to appropriate committees.

City College also has outreach programs and activities with civic groups, community agencies and organizations, and the business community. It is this infrastructural fabric of our communities that requires the technical assistance, research support and access to the range of technical knowledge that resides within the faculty of our institution. City College is not simply a four-year liberal arts college. It is a mini-university with schools of education, nursing, biomedical education and engineering, along with centers for legal education, urban policy, worker education, performing arts, and a science division that has produced five nobel laureates.

Our intention, under the rubric of the urban educational model, is to provide quality education to those who aspire to the American dream and its promise to develop the individual's full human potential. This has been coupled with our clear understanding that institutions of such quality as City College, located in the urban centers of our country, cannot stand idly by while their communities struggle to make the urban environment a more humane in which to reside.

To be sure, in our current interactions costs are frequently absorbed in full by the college. These costs include in-kind expenses as well as commitments to labor for project staff and adjunct replacements for assigned faculty. Reauthorization and the funding of title XI will provide the financial resources for City College to assist the city and the State through the use of applied research, consultation and technical assistance. Finally, reauthorization and funding will provide the opportunity for institutions of higher education to develop consortial arrangements resulting in the increased ability to bring scarce expertise to bear on many of the intractable problems that beset the urban environment.

With your permission, I would like to leave copies of our pamphlet describing the City College of New York community outreach and facilities access programs. This publication lists, by units of the college, all of the diverse programs and activities that link our institution to the infrastructure that I previously mentioned. The document also has a listing of the various agencies, organizations and governmental entities by unit linkage, and a complete listing of groups that had access to the use of our facilities over a recent, two year academic period. We could do more if the resources were available.

STATEMENT OF DR. BERNARD HARLESTON, PRESIDENT, CITY COLLEGE OF NEW YORK

Dr. HARLESTON. Thank you, Mr. Chairman.

I am Bernard Harleston, president of the City College of New York and I appear today in my capacity as a member of the board of directors of the Association of Urban Universities and I'm pleased, indeed, to join my colleagues, President Glynn and President Corrigan to testify on the reauthorization of the Higher Education Act, and in particular I would like, as they did, to focus on the reauthorization of title XI of this act, as provided in your bill, H.R. 5240.

The City College of New York has been a pioneer in urban programs and activities to assist governmental agencies, civic groups, community organizations, and agencies to cope with problems of the urban environment. It was at City College, in 1968, that Dr. Clark Kerr, then president of the University of California system, and himself chairperson of a study on the future of higher education, stated that "The United States today needs 67 urban grant universities to stand beside its 67 land grant universities."

Dr. Kerr thought that a Federal policy was required in order to provide the funds for universities to assist in the revitalization of the cities, just as land grant colleges revitalized agriculture.

In the ensuing years since that speech, City College, located in the largest urban center in our country, has pursued a policy of trying to understand and develop programs of a professional nature for students who desire to live and practice their profession in the urban environment, and at the same time, provide technical expertise to the institutions, agencies, and organizations that comprise the urban infrastructure.

I'd like to make one thing clear. The City College, and I think no institution that gets involved this way, does not see itself as a social service agency and does not function like one in the provision of its expertise.

Rather, we look upon the opportunity to work with municipal and State agencies, and community agencies and organizations, both as an expression of responsibility in an urban context and as an opportunity to reinforce, strengthen, and broaden the learning environment experiences and opportunities for faculty and students.

If I may, I'd like to describe quite briefly two or three examples of projects that we've gotten involved in that we think make the point that I'm trying to make. First of all, the Harlem Urban Development Corp., HUDC, is a State agency with responsibility for certain aspects of the physical and redevelopment of Harlem. HUDC requested assistance from City College to determine the feasibility of a free trade zone in connection with the International Trade Center planned for construction on 125th Street, which is to promote trade with Third World countries.

Faculty were assigned to the project and the final report to HUDC recommended how the zone might be established and the form of Third World business linkage with American businesses that might support such trade. I might add that the proposal awaits appropriate funding for its implementation.

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HUDC was also interested in the potential for developing technology activity in the Harlem Valley, between Columbia University, to the south, and City College, to the north. This would increase employment opportunities in an area that is already zoned for mixed industry, and make it possible for industry to take advantage of the laboratories and professional expertise that reside in the two institutions.

City College has been working very closely with HUDC and has had consultations with Columbia University on these possibilities. Right now the college has involved in it, this project, engineering, economics, and science faculty in these explorations and we're currently looking at locations for large and moderate-sized technology in that valley.

I might say at the same time that HUDC requested this assistance from us, it worked with the college in the establishment of a Harlem Public Service Science Center, a nonprofit civic organization designed to provide scientific and technical information to the community in order for it to make informed decisions related to scientific and technological development. And HUDC participated with the College Planning Committee to determine the future of our south campus, whose buildings were going to go off line.

What has occurred, then, is the opportunity to establish mutual ways in which institutions can link and assist each other if the resources are available.

Another example involving a municipal agency exemplifies the possibilities for urban higher education institutions, if the bill is reauthorized and funded.

Our School of Architecture and Environmental Studies established what we call the City College Architectural Center in order to assist the community in the solving of some of its environmental problems. The center has two components: One professional, one academic. The professional component involves providing technical assistance in architecture and planning to organized groups in low- and moderate-income neighborhoods throughout the city of New York. Projects range from large-scale community development plans to open space development on empty lots.

Ten students work on a part-time or full-time basis in projects requested by local organizations. Their work, which may earn them academic credit, is supervised by consultants in the field that include architects, planners, and engineers. City College owes a large measure of the success of this program to the Housing Preservation and Development Department of the city of New York, HPD.

This group recognized that City College could be a major resource for its own long-range goals of assisting community residents in securing and owning their own homes, along with strengthening the institutional infrastructure of the community. With limited resources, HPD contracted with the College Architectural Center to provide services to residents of nonprofit corporations that were intent on saving and preserving their communities through rehabilitation. The City College Architectural Center is involved in more than 10 projects that attest to the potential of an urban institution's ability to perform when commitment and policy are clear, and some modest financial resources are available.

This willingness to be responsive to the needs of government at all levels also generated a linkage return. HPD, the Housing and Preservation Department, has been consistently supportive of City College's concern about the needs of the immediate community within which we are located, and has assisted us in the conduct of a survey of student housing needs and participated with HUDC on our South Campus Planning Committee.

Finally, in the city of New York we have community boards in all five counties, as you doubtlessly know. These community boards are extensions of municipal government in those communities and participate in the fiscal planning processes and the recommending of allocation of capital funds. The people who serve on these boards are volunteers. The district manager, the chief administrative officer, has limited staff and a score of committees to manage.

City College was approached by the chairperson of the Community Board, No. 9, Manhattan, to conduct a management study in order to ascertain how he could make the most efficient use of his scarce staff resources. We undertook the request and provided a report and set of recommendations to the community board. In addition, we assisted the community board in making it possible for some of our students to serve as staff support to the appropriate committees.

Our intention in all of this, under the rubric of the urban educational model, is to provide quality education to those who aspire to the American dream and its promise to develop the individual's full human potential. This has been coupled with our clear understanding that institutions of such quality as City College, located in the urban centers of our country, cannot stand idly by while their communities struggle to make the urban environment a more humane place in which to reside.

To be sure, in our current interactions, costs are frequently absorbed in full by the college. These costs include in-kind expenses as well as commitments to labor for project staff and adjunct replacements for assigned faculty. Reauthorization and the funding of the title XI proposal will provide the financial resources for this institution and many others to assist the city and the State through the use of applied research, consultation, and technical assistance. Finally, reauthorization and funding will provide the opportunity for institutions of higher education to develop a consortial arrangement resulting in the increased ability to bring scarce expertise to bear on many of the intractable problems that beset the urban environment.

Thank you very much, Mr. Chairman.

Mr. KOGOVSEK. Doctor, the buzzer you heard was not for you. I think it is for a vote on the floor. But before we get to that, however, we would like to hear from Sandra Ritter, trustee, Oakland Community College. Sandra?

[Prepared statement of Sandra Ritter follows:]

PREPARED STATEMENT OF SANDRA L. RITTER, VICE CHAIRMAN, BOARD OF TRUSTEES, OAKLAND COMMUNITY COLLEGE, BLOOMFIELD HILLS, MI, TRUSTEE DIRECTOR, MICHIGAN COMMUNITY COLLEGE ASSOCIATION, MEMBER, BOARD OF DIRECTORS, ASSOCIATION OF COMMUNITY COLLEGE TRUSTEES

Mr. Chairman, we appreciate this opportunity to work with you on the legislation you have formulated to reauthorize the Higher Education Act. Your determination to get an early start on the reauthorization has pushed a lot of us into beneficial homework about what our colleges are doing in and with HEA programs. We believe that homework is going to help you to strengthen some of the programs to the benefit of our people and the Nation. I am testifying in behalf of the Joint Commission on Federal Relations of the Association of Community College Trustees and the American Association of Community and Junior Colleges.

As we contemplate reauthorization, we find our thoughts constantly touched by a deep appreciation for the existing Higher Education Act. As federal policies go, we think this has been a monumentally successful Act. Some key titles in the Act have never achieved the success that was once envisioned for them—largely because, in most cases, they are programs that could never be effectively funded. Significantly, some of the most critical needs facing colleges today relate directly to those unfunded federal committments.

Facilities are a prime example. We are not talking about new buildings; we are talking about updating and retro-fitting older facilities to handle emerging technical programs. As you have been told, cost estimates on this backlog are greater for higher education as a whole than the total of the endowments of all U.S. colleges lumped together. Years of tight budgets and funding neglect have forced delay for needed upgrading and providing some semblance of state-of-the-art equipment.

Even so, the state of American higher education benefits enormously from HEA. Because the deficits are making the competition among programs so acute, the attempts to restructure and improve the higher education programs must be approached with great care. It is more than coincidence that the Pell Grant program has become the dominant feature of the Act, at least it is so in the eyes of community colleges.

The vision and purpose that inspired the Basic Opportunity Grants, the belief that every qualified student should have access to postsecondary learning, regardless of ability to pay—is the same vision and purpose upon which community colleges have been built. The highest priority of community colleges in the reauthorization is to see the Pell Grant program renewed and strengthened, simplified and streamlined.

Clearly, Mr. Chairman, your proposals move in these directions. making the grants an entitlement for needy students, as you propose, would do more than any other single step to both simplify and strengthen the program and provide students with greater access to education.

Your determination to raise the maximum Pell Grant to $3,000 by next year, and to increase it as college costs continue to rise, is consistent with the basic grant that the President has proposed for the neediest students. We support this aim.

On the other hand, the differential allowances that are proposed for commuter students are not acceptable to community colleges. Our students have suffered far too long under the fixed cap on costs of attendance that has been applied to the commuter student for 11 years. The net effects of that cap seriously undercut the program's core intent of access, and actually deny access to tens of thousands of would-be applicants, most of them from the lowest income levels. Additionally, untold other numbers of needy students undoubtedly have found their persistence and progress in college impeded by the cap that we thought had been abolished in the 1980 Amendments. Community colleges are commuter colleges which provide business and industry with an almost immediate and unlimited source of highly skilled, professionally motivated workforce, filling the emerging needs for personnel.

Since community colleges service a different clientele than four-year institutions, there should be no fear of community colleges competing for the traditional student through a higher commuter allowance.

Data on full-time Pell Grant recipients show that more than 80 percent of those attending two-year colleges come from households with incomes of $8,000 a year or less. Only about six percent of the full-time Pell recipients in community colleges come from annual income levels of $16,000 or higher.

If a good case can be made for lowering Pell Grants to students living with their parents, then the rest of the Pell Grant recipients should be treated uniformly, regardless of whether they house and feed themselves off campus or take board and

room at the college. There is plenty of evidence to show the costs average roughly the same in both cases.

The community colleges are very thankful, of course, that you are trying to do away with the half-cost limitation. For the students whose level of eligibility and overall costs do not qualify them for a maximum Pell Grant, we would prefer to see their grants determined by a uniform percentage of cost, such as 60 percent or 70 percent; as was envisioned in the 1980 Amendments. We would not resist the 75 percent which you are allowing for tuition and fees, provided the cost allowance for other expenses has a floor of at least 60 percent.

The redefinitions of the independent and dependent student status that you provide in H.R. 5240 can be another vital step in simplifying the financial aid program. This would be highly beneficial to community colleges, since the two-year colleges serve such great numbers of older students who should not have to prove that they provide for themselves. As you propose, the students who are 24 or older should be spared the red tape of documenting their independence.

On College Work-Study, Mr. Chairman, the Administration's proposals that Cooperative Education be moved into work-study, and that work-study students be programmed to help functionally illiterate adults acquire basic skills, give us some concern.

While the community college associations are supporting "in principle" the literacy tutoring for adults, we feel the work-study program itself should be kept free of precedents that eventually could divide it up into a host of special setasides. Community colleges are natural environments for providing work-study and cooperative programs. Our existing curriculum is adjustable to co-op, but presently there isn't enough funding to intergrate practical experience into the course work.

You have done an amazing job, Mr. Chairman, of rethinking almost every phase of the Act. Permit us to comment briefly on several other titles, where we feel the community and technical colleges can and should be utilized.

Our view of Title I is that it should be cast in a wholly new direction. While we can appreciate the emphasis your proposal places on underserved adults, we would like to see this Title focused on institutional change. Support for institutional adjustments that will make college programs as responsive to working adults and part-time students as they are to the traditional students is imperative. If the national economy and the workforce are to keep pace with accelerating technology and global competition, all universities and colleges, including community colleges, must do a better job of serving working adults through flexible programs and responsive, quality educational delivery systems.

The discretionary grants that you have proposed in Part B to support literacy training, proficiency in English, and special tutoring would be highly beneficial. Your expanded definition of the veterans who could be served as anyone who has received an honorable discharge is another positive step. Yet, those veterans who have received less than honorable discharge are probably more in need of greater access to education and retraining. In addition, guidance and help in developing a positive self-concept would bring about attention to those who need a readjustment and retraining period, and who might otherwise be lost and become a greater burden to society.

We would also like to see Title II targeted in a new direction, to help colleges adapt the total learning process to technological change, rather than to remain focused chiefly on library resources. Our Nation has benefited from the use of telecommunication and computer technology in business, industry and leisure time; education could also benefit from their use to facilitate learning.

You already know, Mr. Chairman, that the community and technical colleges want to see Title XI broadened to encourage urban research universities to work in concert with community colleges to meet urban needs. Urban problems won't be solved by greater research—what is called for is new emphasis on teamwork in which urban institutions pool their talents to solve problems of decaying cities and withered resources. Today, we are no longer reactive institutions, but proactive and ready to pool our resources to alleviate social inadequacies. Without a corrective approach to urban problems, we think Congress is unlikely to ever fund Title XI.

Last, but hardly least, Mr. Chairman, we are extremely pleased that your bill provides a new Title XII to renew the endowment matching grants, for which you have earmarked Part C of Title III by your amendments of last year. This incentive will promote and foster an increased independence and self-sufficiency that will ultimately create greater fiscal prudency and responsibility in education.

Community colleges worked hard to help you and your colleagues establish this allocation of Part C, and you can count on our support to help you authorize and expand the funding for this program.

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It is with admiration and respect that I have addressed you today. Your sense of urgency in dealing with higher education reauthorization reform is heartening—the trust you have put in education via your amendment is invaluable.

Thank you again.

STATEMENT OF SANDRA RITTER, TRUSTEE, OAKLAND COMMUNITY COLLEGE

Ms. RITTER. Mr. Chairman, we appreciate this opportunity to work with you on the legislation you have formulated to reauthorization of the Higher Education Act. Your determination to get an early start on reauthorization has pushed a lot of us into beneficial homework about what our colleges are doing in and with HEA programs. We believe that homework is going to help you to strengthen some of the programs to benefit our people and our Nation.

I am testifying on behalf of a Joint Commission on Federal Relations of the Association of Community College Trustees and the American Association of Community and Junior Colleges.

As we contemplate reauthorization, we find our thoughts constantly touched by a deep admiration for the existing Higher Education Act. As Federal programs go, we think this is a monumentally successful act. Some key titles in the act have never achieved the success that was once envisioned for them, largely because they are programs that never could be efficiently funded. Significantly, some of the most critical needs facing colleges today relate directly to those unfunded Federal commitments.

Facilities are a prime example. We're not talking about new buildings or bricks and mortar. We are talking about updating and retrofitting older facilities to handle emerging technical programs. As you have been told, cost estimates on this backlog are greater for higher education as a whole than the total of the endowments of all U.S. colleges, lumped together. Years of tight budgets and funding neglect have forced delays for needed upgrading and providing of some semblance of state of the art equipment. Even so, the state of American higher education today benefits enormously from HEA.

Because the deficits are making the competition among programs so acute, the attempts to restructure and improve the higher education programs must be approached with great care. It is more than coincidence that the Pell Grant Program has become the dominant feature of the act, at least in the eyes of the community colleges.

The vision and purpose that inspired the basic opportunity grants, the belief that every qualified student should have access to postsecondary learning regardless of the ability to pay, is the same vision and purpose upon which community colleges have been built.

The highest priority of community colleges in the reauthorization is to see the Pell Grant Program renewed and strengthened, simplified and streamlined. Clearly, Mr. Chairman, your proposals move in these directions. Making the grants and entitlements for needy students as you propose would do more than any other single step to both simplify and strengthen the program and provide students with greater access to education. Your determination to raise the maximum Pell Grant to $3,000 by next year and to

continue increasing it as college costs continue to rise, is consistent with the basic grant the President has proposed for the needy students. We support this aim.

On the other hand, the differential allowances that are proposed for commuter students are not acceptable to community colleges. Our students have suffered far too long under the fixed cap of costs of attendance that have been applied for commuter students for their last 7 years. The net effect of that cap seriously undercuts the program's core intent of access and actually deny access to tens of thousands of would-be applicants, most of them from the lowest economic levels.

Additionally, untold other numbers of needy students undoubtedly have found their persistence in the college impededed by the cap that we thought had been abolished in the 1980 amendment.

Community colleges are commuter colleges. They provide an almost immediate unlimited source of highly skilled, professionally motivated work force that will alleviate the problems that we now have. These community colleges serve a different clientele than 4 year institutions, so there should be no fear of community colleges competing for traditional students through a commuter allowance.

Data on full-time Pell Grant recipients show that more than 80 percent of those attending 2 year colleges have family incomes of $8,000 a year or less. Only 6 percent of the full-time Pell recipients in community colleges come from annual income levels of $16,000 or higher.

If a good case can be made for reducing the Pell Grants to students living with their parents, then the rest of the Pell Grant recipients should be treated uniformly, regardless of whether they house and feed themselves off campus or take board and room at the college. There is plenty of evidence to show the cost average is roughly the same in both cases.

The community colleges are very thankful, of course, that you are trying to do away with the half-cost limitation for the students whose level of eligibility and overall costs do not qualify for maximum Pell Grants. We would prefer to see their grants determined by a uniform percentage of cost, such as 60 percent or 70 percent, as was envisioned in the 1980 amendments.

We would not resist the 75 percent which you are allowing for tuition and fees, provided the cost allowance for other expenses has a floor of at least 60 percent. The redefinitions of the independent student and dependent student status you provide in H.R. 5240 could be another vital step in simplifying the financial aid program. This would be highly beneficial to the community colleges, since the 2-year colleges serve such great numbers of older students, who should not have to prove that they provide for themselves.

As you propose, the student who is 24 years or older should be spared the redtape of documenting their independence.

On College Work-Study, Mr. Chairman, the administration's proposals that cooperative education be moved into Work-Study and that Work-Study students be programmed to help functionally illiterate adults acquire basic skills, give us some concern. While the community college are supporting in principle the literacy tutoring for adults, we feel the Work-Study Program itself should be kept

free of precedents that would eventually drive it into a host of special set-asides.

Community colleges are natural environments for providing Work-Study and cooperative programs. Our existing curriculum is adjustable to co-op, but presently there isn't enough funding to integrate practical experience into the present work course.

You have done an amazing job, Mr. Chairman, of rethinking almost every phase of the act. Permit us to comment briefly on several other titles, where we feel the community and technical colleges can and should be utilized.

Our view of title I is that it should be cast in a wholly new direction. While we can appreciate the emphasis your proposals place on unserved adults, we would like to see this title focused on institutional change. Support for institutional adjustments that will make college programs as responsive to working adults and part-time students as they are to the traditional students is imperative. If the national economy and work force are to keep pace with accelerating technology and global competition, all universities and colleges, including community colleges, must do a better job of serving working adults through flexible programs and responsive, quality educational delivery systems.

Mr. KOGOVSEK. Ms. Ritter, excuse me 1 minute. It's fairly important that I make this vote and I am going to excuse myself. And I'm going to let you finish your statement in my absence.

The committee will stand in recess after Ms. Ritter finishes her statement, probably for 5 or 10 minutes. So, if you would excuse me, but if you would please continue, we are getting this down on the record, and it's important that you finish your statement. But I ask your indulgence. So, please continue.

Ms. RITTER. It's like going to a party with no one else there.

The discretionary grants that you have proposed in part B to support literacy training, proficiency in English, and special triggering would be highly beneficial. Your expanded definition of the veterans who could serve is anyone who has received an honorable discharge, and it is another positive step.

Yet, those veterans who have received less than honorable discharges are probably more in need of greater access to education and retraining.

In addition, guidance and help in developing a positive self concept would bring about attention to those who need a readjustment and retraining period, and who might otherwise be lost and become a greater burden to society. We would also like to see, in title II, targeting in a new direction to help colleges adapt the total learning process to technological change, rather than to remain focused chiefly on library resources. Our Nation has benefited from the use of telecommunication and computer literacy in business, industry, and leisure time. Education could also benefit from their use in facilitating learning.

You already know, Mr. Chairman, that the community and technical colleges want to see title XI broadened to encourage urban research universities to work in concert with community colleges to meet urban needs.

Urban problems won't be solved by greater research. What is called for is new emphasis, of teamwork, in which urban institu-

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tions pool their talents to solve problems of decaying cities and withered resources. Today we no longer are reactive institutions, but proactive and ready to pool our resources to alleviate social inadequacies.

Without a corrective approach to urban problems, we think Congress is unlikely to ever fund title XI.

Last but hardly least, Mr. Chairman, we are extremely pleased that your bill provides a new title XII to renew the endowment matching grants for which you have earmarked part C of title III, by your amendments last year. This incentive will promote and foster an increased independence and self-sufficiency that will ultimately create greater fiscal prudency and responsibility in education.

Community colleges worked hard to help you and your colleagues establish this application of part C and you can count on our support to help you reauthorize and expand the program.

It is with admiration and respect that I have addressed you today. Your sense of urgency in dealing with higher education reauthorization reform is heartening. The trust you have put in education via your amendments is invaluable.

Thank you.

[Brief recess.]

Mr. PENNY. The committee will come to order. If we could, I'd like the panelists who just completed their testimony, to return to their chairs for one last question before we move on to the next panel.

It's been suggested that the community colleges describe access to the title XI program and would like to see the title adopt a manpower and training focus. Should the subcommittee move in that direction? And if not, why not?

Mr. HARRISON. Mr. Chairman? May I respond?

Mr. PENNY. Yes.

Mr. HARRISON. As the president of the Association of Urban Universities I have spent a lot of time thinking about this question and I appreciate the opportunity to respond on behalf of the association. I came here today with the understanding that there might be something of a confrontation between the community colleges and the urban universities over this question.

And I have to say, having listened and having read with great delight the testimony from the community college members of the panel, that I think the question seems to have largely answered. President Edwards, says that the national interest would be better served, if the title XI made provision for applied research tied to initiatives such as economic development, and manpower training.

Ms. Ritter, a trustee of Oakland Community College, says that "the community and technical colleges want to see title XI broadened to encourage urban research universities to work in concert with community colleges to meet urban needs." There is no one in the Association of Urban Universities who could object to a word of that, sir.

Title XI, as it now reads in the law, provides for consortiate participation involving close cooperation between urban universities and other institutions of higher education, including the community colleges. The examples of what our great urban universities are

doing now, that you heard earlier today, were replete with instances of cooperation between our members and their neighboring community colleges. And we would like to see that part of title XI not only renewed, but indeed, given a stronger priority in the Secretary's allocation of funds. We recommend, Mr. Chairman, that consortiate applications be given a very strong priority when it comes to distributing funds.

If the community colleges, which do remarkable work in the nonresearch area, and work in concert and work tied together with, and work in consortium with the urban universities, can continue to do so, we think that would be the best possible use of higher education resources on the urban scene.

Now, I don't want to seem disingenuous. There's a nuance here. We would not like to see the title changed in its nature. We think there is already manpower training legislation on the books, which this committee has labored long and hard to put there, under which the community colleges can put their resources to work in the manpower training area. We would like to work in consortium with those community colleges in that area too.

Title XI is essentially an applied research and services title. We would like to have it remain such. But certainly we would look forward with eagerness to seeing title XI funded so that both the resources of the community colleges and the urban universities could be used, each doing what it can do best. I was delighted to hear the AACJC testimony this afternoon. I think it essentially solves the problem.

Mr. PENNY. Does anyone else want to respond to that question? If not, we don't have any further questions for these panelists.

Thank you for your testimony this afternoon.

We call forward the next panel, Dr. Edward Fort, chancellor, North Carolina A&T University; Dr. Raymond Burse, president, Kentucky State University; Dr. George Ayers, president, Chicago State University; Dr. Prezell Robinson, president, St. Augustine's College.

Oh, boy. If you don't mind, we're going to have to recess and I'm going to have to run my legs off. I've got 5 minutes to get to the floor for a vote. We'll take a brief recess.

[Brief recess.]

Mr. ANDREWS. We'll ask the meeting to come to order, please, and let me first of all, on behalf of everybody, just profusely apologize. These days I just don't know what's going to happen about the time pressures here. We've just had three consecutive votes, which was known to the membership. In other words, after the first one, had I or some other member tried to get here, we couldn't have gotten here before the bells would have rung to go back for the next vote, so that accounts—that's the most immediate, imminent problem.

In addition to that, I chair one of the Subcommittees of Education and Labor, personally, and we have jurisdiction over the Older Americans Act, the Head Start, the Follow Through, CSA, Juvenile Justice, and Delinquency Prevention, Missing Childrens Act, and authority for all of those programs expire this year. The Speaker has informed all of us that any bills other than appropriations that are going to be considered on the House floor this year have to be

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out of full committees and reported to the Rules Committee by May 15. I have two primary opponents in North Carolina and I just don't know what any of us can do for time. But I do apologize and let me begin the meeting, then, with Dr. Edward B. Fort, chancellor, North Carolina A&T University in Greensboro.

I will have to go shortly to the subcommittee I chair and hopefully one of the other members will arrive before that. I hope I can stay until they do arrive.

All right, sir. Yes, sir, we look forward to hearing from you.

[Prepared statement of Dr. Edward B. Fort follows:]

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PREPARED STATEMENT OF DR. EDWARD B. FORT, CHANCELLOR, NORTH CAROLINA A&T UNIVERSITY

THE ISSUE BEFORE THE HOUSE

- IT IS QUITE APPARENT THAT AS THE FEDERAL GOVERNMENT BEGINS THE COUNT DOWN TO DECISIONS ASSOCIATED WITH THE STATUS OF THE HIGHER EDUCATION ACT OF 1965 AS FAR AS FY 1985 IS CONCERNED - SOME CHANGES MUST BE MADE IN THE POSTURE CURRENTLY BEING DEFINED BY THE REAGAN ADMINISTRATION. A FIRE STORM OF CONTROVERSY HAS ERUPTED BECAUSE OF THE ADMINISTRATION'S INSISTANCE UPON A REARRANGING OF FINANCIAL AID PRIORITIES, FOR EXAMPLE, SUCH THAT THEY WILL RESULT IN THE ELIMINATION OF HUNDREDS OF THOUSANDS OF PARTICIPANTS IN CURRENTLY EXISTING FINANCIAL AID PROGRAMS. SHOULD THAT OCCUR, THEN A CLEARLY IDENTIFIABLE DEVASTATING IMPACT WILL OCCUR AS DIRECTLY RELATED TO HISTORICALLY BLACK UNIVERSITIES. MAKE NO MISTAKE ABOUT IT - IF, IN FACT, WE ARE CURRENTLY IMMERSED IN THE ETHOS OF HIGH TECHNOLOGY - THEN OUR CHALLENGE IS ONE OF PREPARING THE YOUNG PEOPLE OF TODAY FOR SUCCESS IN THE ARENA OF TOMORROW'S TECHNOLOGY. UNFORTUNATELY - AS INDICATED BY DAVID SAXXON, RETIRED PRESIDENT OF THE UNIVERSITY OF CALIFORNIA SYSTEM. . .

> "THE PROBLEM IS THAT EDUCATED, INTELLIGENT, INQUISITIVE PEOPLE ARE UNABLE, CONSISTENTLY, TO BRING INFORMED JUDGEMENT TO BARE ON QUESTIONS CONNECTED IN ALMOST ANY WAY TO SCIENCE AND TECHNOLOGY QUESTIONS OFTEN VITAL TO THE WELFARE OF EACH OF US AND INDEED TO THE FUTURE OF THE WORLD. INSTEAD THE VAST MAJORITY OF BROADLY EDUCATED PEOPLE MUST RELY, AND ARE AT T MERCY OF THE TESTIMONY AND ASSERTIONS OF OTHERS.

FURTHERMORE, THE DEGREE OF RELIANCE [ON SUCH TESTIMONY] REQUIRED DEMANDS FAITH THAT BORDERS ON THE CREDULOUS. ONE OF THE DISTINGUISHING CHARACTERISTICS OF A LIBERAL EDUCATION IS THAT IT SHOULD PROVIDE JUST THAT CRITICAL SENSE WHICH MAKES ITS POSSIBLE TO WINNOW OUT THE MERITRICIOUS FROM THE MERITORIOUS. YET, MANY LIBERALLY EDUCATED PEOPLE ARE UNABLE TO DO ANYTHING OF THE SORT WHEN IT COMES TO SCIENCE AND TECHNOLOGY.

OUR SOCIETY IS BECOMING INCREASINGLY AND IRREVERSIBLY TECHNOLOGICAL. SCIENTIFIC INVESTIGATION IS INCREASINGLY AND IRREVERSIBLY CONCERNED WITH UNIMAGINABLE EXTREMES OF SPACE AND TIME, WHICH REMOVES IT EVER FROM THE REALM OF OUR DAILY EXPERIENCE. UNLESS WE REQUIRE UNDERSTANDING, WE WILL REMAIN WHERE WE ARE RIGHT NOW, AT THE MERCY OF EXPERTS OR WORSE, OR CHARLATANS POSING AS EXPERTS."[1]

AS SUGGESTED BY DANIEL BELL IN HIS THE COMING OF THE POST-INDUSTRIAL SOCIETY. . .

"THE RISE OF THE NEW ELITES IS BASED ON SKILL DERIVED FROM THE SIMPLE FACT THAT KNOWLEDGE AND PLANNING - MILITARY PLANNING, ECONOMIC PLANNING, SOCIAL PLANNING- HAVE BECOME THE BASIC REQUISITES FOR ALL ORGANIZED ACTION IN MODERN SOCIETY. THE MEMBERS OF THIS NEW TECHNOCRATIC ELITE, WITH THEIR NEW TECHNIQUES OF DECISION MAKING (SYSTEMS ANALYSIS, LINEAR PROGRAMMING, AND PROGRAM BUDGETING), HAVE NOW BECOME ESSENTIAL TO THE FORMULATION AND ANALYSIS OF DECISIONS IN WHICH POLITICAL JUDGEMENTS HAVE TO BE MADE, IF NOT TO THE WEILDING OF POWER. IT IS IN THIS BROAD SENSE THAT SPREAD OF EDUCATION, RESEARCH, AND ADMINISTRATION HAS CREATED A NEW CONSTITUENCY - THE TECHNICAL AND PROFESSIONAL INTELLIGENTSIA."[2]

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1 DAVID SAXXON, RETIRED PRESIDENT - UNIVERSITY OF CALIFORNIA SYSTEM

2 DANIEL BELL, THE COMING OF THE POST-INDUSTRIAL SOCIETY, (NEW YORK: BASIC BOOKS, 1973) PG. 199.

IF, IN FACT, THE RISE OF A NEW TECHNOCRATIC SOCIETY IS WITH US - THEN WE MUST INSURE THE REALITY THAT STUDENTS - INCLUDING THOSE ENROLLED IN HISTORICALLY BLACK UNIVERSITIES - GET A PIECE OF THE ACTION.

THE TRAGEDY OF PROPOSED FINANCIAL AID CUTS

ONE OF THE MAJOR CHALLENGES CONFRONTING HISTORICALLY BLACK UNIVERSITIES TODAY IS THAT ASSOCIATED WITH THE PROJECTED CUTS IN FINANCIAL AID. ACCORDING TO RECENTLY RELEASED INFORMATION FROM THE AMERICAN COUNCIL ON EDUCATION, MOST OF THE PROPOSED FINANCIAL AID CUTS ENVISIONED FOR FY 85 BY THE REAGAN ADMINISTRATION WOULD COME UNDER THE AEGIS OF A PROPOSED PRUNING WHICH WOULD SLASH 913,000 AWARDS TO UNDERGRADUATE AND GRADUATE STUDENTS. IN FACT, ACE CITES THE REALITY THAT . . .

> "A RECENT COLLEGE BOARD STUDY REPORTED AN ALARMING 21% DROP IN THE VALUE OF STUDENT AID FISCAL YEAR 1980 TO FISCAL YEAR 1983. DESPITE A REVERSAL OF TREND BY THE FISCAL YEAR 1984 APPROPRIATION (WHICH CUT THE LOSS TO 19%), THE REAGAN BUDGET WOULD ACCELERATE THE EROSION OF NEED-BASED AID TO 26% SINCE FISCAL YEAR 1980."3

THE ADMINISTRATION HAS SUGGESTED THAT WHILE ON ONE HAND PELL GRANTS WOULD BE MAINTAINED AT THE FISCAL 1984 LEVEL OF $2.8 BILLION , WITH AN INCREASE IN THE MAXIMUM AWARD FROM $1900 TO $3000 - RESTRICTING ELIGIBILITY OF MIDDLE-INCOME STUDENTS WOULD BECOME A REALITY WITH AID TARGETED MERELY TO THE MOST NEEDY. ADDITIONALLY, THE SO-CALLED "SELF-HELP" FORMULA WOULD MEAN THAT STUDENTS WOULD BE EXPECTED TO CONTRIBUTE A MINIMUM OF $500 OR 40% OF THE TOTAL COLLEGE COSTS THROUGH WORK OR LOANS BEFORE RECEIVING A GRANT UNDER THE PROPOSED PROGRAM. BY THE ADMINISTRTATION'S OWN ESTIMATES, ACCORDING TO ACE, 290,000 FEWER AWARDS WOULD BE MADE THEN CURRENTLY ARE AVAILABLE.

3/CHARLES SAUNDERS, "MANY CUTS PROPOSED IN STUDENT AID," HIGHER EDUCATION AND NATIONAL AFFAIRS (WASHINGTON, D.C.: AMERICAN COUNCIL ON EDUCATION) VOL. 33, NO. 2) PG. 1.

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AND 80% OF THE REQUESTING FUNDS WOULD GO TO STUDENTS WITH FAMILY INCOME UNDER $12,000 ANNUALLY.

AS FAR AS SUPPLEMENTAL EDUCATION OPPORTUNITY GRANTS ARE CONCERED - (E.G. SEOG) - THESE WOULD BE ELIMINATED. THIS MEANS THAT SOME $655,000 IN AWARDS, AS CURRENTLY FUNDED AT A COST $375 MILLION, WOULD BE LOST. OUR CAMPUS, AND OTHERS LIKE IT, NEED THIS PROGRAM BECAUSE IT IS CRITICALLY IMPORTANT AS ASSOCIATED WITH YOUNG PEOPLE WHO DEPEND, ALMOST TOTALLY UPON FINANCIAL AID. EIGHTY PERCENT OF THE STUDENTS AT NORTH CAROLINA A. & T. STATE UNIVERSITY DEPEND UPON SOME FORM OF FINANCIAL AID SUPPORT TO REMAIN "IN SCHOOL."

THE REAGAN ADMINISTRATION'S PLAN CALLS FOR NO FEDERAL CAPITAL CONTRIBUTIONS AS FAR AS NATIONAL DIRECT STUDENT LOANS ARE CONCERNED. THE TOTAL COST, CURRENTLY, IS $161 MILLION FOR APPROXIMATELY 149,100 AWARDS.

THE REAGAN PACKAGE CALLS FOR THE ELIMINATION OF STATE STUDENT INCENTIVE ~~GRANTS~~, THUS JEOPARDIZING 304,000 AWARDS AT A COST OF $76 MILLION IN MATCHING STATE FUNDS. MY RESEARCH SUGGESTS THAT ALTHOUGH MANY STATES OVERMATCH, AT LEAST 15 RELY ON FEDERAL SHARES FOR 40-50% OF TOTAL FUNDING IN THIS AREA. IT IS DIFFICULT TO DISCERN WHY THE ADMINISTRATION SUGGESTS THAT THE FINANCIAL AID PROGRAM CAN BE STREAMLINED WITH THE ELIMINATION OF STATE STUDENT INCENTIVE GRANTS. WHAT WILL HAPPEN, OF COURSE, IS THAT THOUSANDS OF STUDENTS WILL NO LONGER BE ABLE TO REMAIN ON CAMPUS.

AS FAR AS GUARANTEED STUDENT LOANS ARE CONCERNED, THIS SEGMENT OF THE PACKAGE WOULD BE REVISED SO AS TO REQUI[illegible] THAT ALL FINANCIAL AID RECEPIENTS WOULD HAVE TO UNDERGO A "NEEDS TEST" TO DETERMINE THE AMOUNT OF THEIR LOAN. THE REAGAN AMINISTRATION HAS APPARENTLY ABANDONED ITS ATTEMPT OF LAST YEAR TO DOUBLE THE ORGINAL FEE TO 10% FOR GRADUATE STUDENTS, HOWEVER, THE <u>NEEDS TEST</u> WOULD SIGNIFICANTLY RESTRICT ACCESS TO LOANS BY GRADUATE STUDENTS AS WELL AS INDEPENDENT UNDER-

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GRADUATE STUDENTS IN PUBLIC INSTITUTIONS SUCH AS OUR OWN. SUBSTANTIAL SAVINGS WOULD, CONCURRENTLY, BE SOUGHT THROUGH LEGISLATIVE CHANGES TO INCREASE STATE LOAN AGENCIES' SHARE OF DEFAULT AND ADMINISTRATIVE COSTS.

AND THEN, FINALLY, THE ADMINISTRATION WOULD ELIMINATE, TOTALLY, GRADUATE SUPPORT - BARELY SEVEN WEEKS AFTER THE BI-PARTISAN NATIONAL COMMISSION ON STUDENT FINANCIAL ASSISTANCE REPORTED SERIOUS SIGNS OF "STRESS" IN THIS SECTOR - AND UNANIMOUSLY DECLARED THAT FEDERAL SUPPORT IS ABSOLUTELY INDEPENSIBLE RELATIVE TO THE CONTINUATION OF EXCELLENCE OR GRADUATE EDUCATION.

THIS MEANS THAT SOME 1700 GRADUATE AND PROFESSIONAL OPPORTUNITY FELLOWSHIPS FOR MINORITIES AND WOMEN, PUBLIC SERVICE FELLOWSHIPS, FELLOWSHIPS FOR MINORITIES ATTENDING LAW SCHOOL, AND LAW SCHOOL CLINICAL EXPERIENCE GRANTS NOW TOTALLING NEARLY $16 MILLION WOULD BE ELIMINATED.

ON WHAT BASIS DOES THE ADMINISTRATION JUSTIFY THE ELIMINATION OF THIS KIND OF FISCAL SUPPORT AS FAR AS GRADUATE STUDENTS ARE CONCERNED?

IF THESE PROPOSED CUTS PREVAIL - THE FINANCIAL AID ARENA WILL BECOME A DISASTER AREA. IT COULD BECOME A NATIONAL DISGRACE. IT WILL MEAN THAT THOUSANDS OF STUDENTS WHO NOW DEPEND UPON FINANCIAL AID AS THE BASIS UPON WHICH THEY GAIN ACCESS TO POST-SECONDARY EDUCATION - WILL BE DENIED SAID ACCESS. AND, OBVIOUSLY, IT MEANS THAT LARGE NUMBERS OF BLACK STUDENTS WHO, TRADITIONALLY, MATRICULATE AT HISTORICALLY BLACK UNIVERSITIES WILL, NO LONGER, BE ABLE TO ATTEND THESE CAMPUSES FOR PURPOSES OF SECURING THEIR DEGREES.

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THE BLACK COLLEGES AND UNIVERSITY ACT

THANKS TO CONGRESSMAN PAUL SIMON, ATTORNEY WILLIAM BLAKEY, AND OTHERS, WE NOW SEE THE POSSIBILITY OF RACE SPECIFIC LEGISLATION ASSOCIATED WITH THE ENHANCING OF BLACK UNIVERSITIES AND COLLEGES NATIONALLY. FOR IF, IN FACT, LESS THAN 5% OF THE FUNDING AWARDED UNDER TITLE III WENT TO HISTORICALLY BLACK COLLEGES AND UNIVERSITIES DURING FY 80 - THE TIME HAS NOW COME WHEREIN SOMETHING BE DONE, BY THE FEDERAL CONGRESS, IN CONCERT WITH THE PRESIDENTIAL EXECUTIVE ORDER OF NEARLY TWO YEARS AGO - TO APPROPRIATE SIGNIFICANT SUMS OF DOLLARS TO BE USED FOR PURPOSES OF INSURING THE PERPETUATION OF ACADEMIC QUALITY ON THE CAMPUSES OF MORE THAN 100 HISTORICALLY BLACK UNIVERSITIES NATIONALLY. THE $150 MILLION FUNDING RECOMMENDATIONS FOR FY 1985-86, AS DEFINED IN THE BLACK COLLEGES AND UNIVERSITIES ACT - WILL MEAN MUCH TO THOSE OF US WHO ARE RESPONSIBLE FOR INSURING THE ONGOING PERPETUATION OF QUALITY ON THESE CAMPUSES. IT IS QUITE CLEAR TO ME, AND MY COLLEAGUES, THAT ONLY WITH THE USE OF THIS KIND OF MONEY WILL WE BE IN A POSITION TO BENEFIT FROM THE PURCHASING OF NEEDED SCIENTIFIC AND LABORATORY EQUIPMENT, THE CONSTRUCTION AND/OR MAINTENANCE OF LIBRARY FACILITIES, THE ESTABLISHMENT OF ADDITIONAL NEW ACADEMIC PROGRAMS FOR BLACK STUDENTS IN THOSE DISCIPLINES WHEREIN THERE IS UNDER REPRESENTATION OR NO REPRESENTATION, E.G. ENGINEERING, ARCHITECTURE, PRE-MEDICINE, PRE-DENTAL, FOREIGN LANGUAGE, ECONOMICS, AND BUSINESS ADMINISTRATION; THE PURCHASE OF LIBRARY BOOKS, PERIODICALS, FILM MATERIAL AND THE DEFRAYING OF EXCESS COSTS AS ASSOCIATED WITH TUTORIAL REMEDIATION ON OUR CAMPUSES.

CONGRESSWOMAN EDITH GREEN WAS CORRECT, YEARS AGO, WHEN SHE ASSERTED THAT TITLE III DOLLARS FOR "DEVELOPING INSTITUTIONS" MIGHT VERY WELL BE A EUPHEMISM FOR BLACK INSTITUTIONS. THIS REALITY TO

TO THE CONTRARY NOTWITHSTANDING - IT IS QUITE APPARENT THAT TITLE III - IF THAT WAS ITS ORIGINAL INTENT - IS NO LONGER A BLACK UNIVERSITY PROGRAM. HENCE, RACE SPECIFIC LEGISLATION IS NEEDED AND I AM URGING IN THE STRONGEST TERMS POSSIBLE, THAT THE UNIQUE ROLE OF BLACK COLLEGES AND UNIVERSITIES IN THIS CENTURY BE ADDRESSED BY THE CONGRESS. AND, PERHAPS ONE OF THE MOST EFFECTIVE WAYS WHEREBY SAID GOAL CAN BE ACCOMMODATED IS THROUGH PASSAGE OF THIS LANDMARK LEGISLATION -- E. G. THE BLACK COLLEGES AND UNIVERSITY ACT.

ENHANCEMENT OF RESEARCH LIBRARY FACILITIES

IN 1981 - PART C OF THE RESEARCH LIBRARY RESOURCES ACT PROVIDED $10 MILLION FOR RESEARCH LIBRARIES, NATIONALLY, ON COLLEGE AND UNIVERSITY CAMPUSES. THE FIGURE FOR 1982, 1983 AND 1984 WAS $6 MILLION. CONGRESSMAN SIMON IS NOW PROPOSING $15 MILLION FOR 1985 AND THIS MUST BE THE YEAR WHEREIN BLACK UNIVERSITIES GET A PIECE OF THAT ACTION. I SUPPORT THE SIMON PROPOSALS - BUT CALL FOR ONE MAJOR CHANGE WITH REGARD TO HIS RECOMMENDATIONS.

THE HISTORICAL RECORD CLEARLY SHOWS THAT NO BLACK UNIVERSITY HAS EVER BEEN ABLE TO SECURE FUNDS FOR RESEARCH LIBRARIES UNDER PART C OF TITLE II, UNITED STATES DEPARTMENT OF EDUCATION. I FIND UNACCEPTABLE THE EXPLANATION FOR THIS - AS BEING THE SUGGESTION THAT HISTORICALLY BLACK UNIVERSITIES DON'T QUALIFY FOR THIS ANNUAL POOL OF FEDERAL DOLLARS BECAUSE OF THE FACT THAT THEY DO NOT HAVE "MAJOR RESEARCH LIBRARIES". THIS SMACKS OF THE SAME KIND OF UNACCEPTABLE CONCLUSION ADVANCED TO MINORITY JOB APPLICANTS BY EMPLOYERS, TELLING THEM THAT THE REASON WHY THEY CAN'T GET A JOB IS BECAUSE "THEY HAVE NO EXPERIENCE". PERHAPS THE REASON WHY NONE OF THE 1890 BLACK INSTITUTIONS, FOR EXAMPLE, QUALIFY AS THOSE HAVING MAJOR RESEARCH LIBRARIES IS THE FACT THAT THEY HAVE NOT HAD ACCESS TO THOSE ANNUAL

ONS WHICH THE PREDOMINANTLY WHITE INSTITUTIONS ARE NOW CONTINUING TAIN. YES, THE GUIDELINES CAN BE CHANGED AND THEY MUST BE CHANGED GH THE POLITICAL AND AGENCY COMMUNICATION PROCESS. WE MUST ERYTHING WE CAN TO ENCOURAGE YOU TO CHANGE THE RULES SO THAT IT BE POSSIBLE, FOR THE FIRST TIME IN THIS NATION'S HISTORY, FOR UNIVERSITIES TO BECOME RECIPIENTS OF DOLLARS AVAILABLE UNDER C OF TITLE II.

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AGAIN, THE ISSUE BEFORE THE HOUSE IS ONE OF DEFINING THE KIND CISION-MAKING PROCESS, THE KIND OF POLITICAL POWER, THE KIND OF SUPPORT, AND THE KIND ORGANIZATIONAL STRATEGY WHICH WILL BE SARY TO INSURE THE PROMULGATION OF ACADEMIC QUALITY IN THOSE ECONDARY EDUCATION INSTITUTIONS WHICH FORM THE BACKBONE OF ION AT THE COLLEGE LEVEL FOR BLACK YOUTH. AFTER ALL - IMATELY 80% OF ALL THE DEGREES GRANTED TO BLACK YOUTH STILL ROM THOSE GRANTED BY HISTORICALLY BLACK UNIVERSITIES AND ES.

UR RESPONSIBILITY AS LEADERS OF THESE INSTITUTIONS IS THAT NED WITH THE GALVANIZING OF ALL THE FORCES NECESSARY TO INSURE ALITY OF MISSION ACCOMMODATION IN THAT VEIN. AND THIS IS WHERE D THE HELP AND ASSISTANCE OF THE FEDERAL CONGRESS. OUR CHALLENGE, UR CHALLENGE, IS THAT OF SEIZING THE GAUNTLET OF OPPORTUNITY VING FORWARD ON A DELIBERATELY CONTRIVED PATH DESIGNED TO INSURE ALITY THAT THE DISPARITY BETWEEN THE "HAVES" AND THE "HAVE NOTS" IMIZED, IF NOT ELIMINATED. THE POLITICAL SETTING IN WHICH WE URSELVES INVOLVED REPRESENTS, FOR SOME, A PERCEIVED CRUCIBLE OF IT REPRESENTS FOR MANY, A BATTLEFIELD OF ENDURANCE. IT ENTS A TESTING GROUND FOR THE STRONG. IT REPRESENTS WHAT

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BLACK INSTITUTIONS MUST BE ABOUT, WITH YOUR ASSISTANCE.

IT IS TRUE WE HAVE MADE A LOT OF PROGRESS, BUT WE HAVE NOT TRAVERSED DR. MARTIN LUTHER KING'S MOUNTAIN TOP YET. REMEMBER, THERE ARE STILL MANY RIVERS TO CROSS, THE SWAMPLAND OF "THE INVISIBLE MAN" TO TRAVERSE, THE INSIDIOUSNESS OF INDECISIVENESS TO WITHSTAND, THE OUTRAGE OF FISCAL INSUFFICIENCY TO ENDURE, AND THE HOBGOBLIN OF "IS ANYONE OUT THERE" TO TOLERATE - AS WE SEEK TO BUILD BETTER PROGRAMS DESIGNED TO ACCOMMODATE THE NEEDS OF OUR STUDENTS ON THESE CAMPUSES.

I WANT TO CONGRATULATE CONGRESSMAN SIMON AND HIS STAFF AND MR. BLAKEY FOR THEIR DECISION TO JOIN WITH US FOR PURPOSES OF INSURING THAT NOT ONLY SHALL WE BE ABLE TO FIND THE TUNNEL, BUT THAT WE SHALL BE ABLE TO, INEVITABLY, FIND AND SEE LIGHT AT THE END OF SAME.

STATEMENT OF DR. EDWARD B. FORT, CHANCELLOR, NORTH CAROLINA A&T STATE UNIVERSITY

Dr. FORT. Thanks very much, Mr. Andrews, Mr. Chairman. Those of us from North Carolina are delighted to have you in this seat this afternoon.

I am going to attempt to squeeze this down to 5 minutes by summarizing two facets of the presentation and then reading you a page and a half of the third facet.

Edward Fort, chancellor at North Carolina A&T State University, the largest historically black university in the State of North Carolina, public or private. My remarks are based upon my experiences as a chancellor here as well as in Wisconsin, two school superintendancies and faculty positions at the University of Michigan and Michigan State University.

I am going to concentrate on three things. One, title IV with regard to financial aid. Second, the title III segment that relates to Black Colleges and Universities Act, and third, title II, part C, with regard to research libraries. I will start with a quote from Daniel Bell, "The Coming of the Post-Industrial Society" as it relates to high tech and its relationship and importance to students that are involved in matriculation at black universities.

Second, I will summarize hurriedly four or five salient observations related to the Reagan administration's proposed cuts in financial aid. Third, I will then read the page and a half on title III related to the proposed Black Colleges and Universities Act, and then I will finalize this statement with a summarization of my views on part C of title II as it pertains to "research libraries." So, going back to the top of the key, I will begin with the quote from Daniel Bell.

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Our society is becoming increasingly and irreversibly technological. Scientific investigation is increasingly and irreversibly concerned with unimaginable streams of space and time which removes it ever from the realm of our daily experience. Unless we require or understanding, we shall remain right where we are now, at the mercy of experts, or worse, charlatans posing as experts.

Given the saliency of that observation, it is critically important for those of us as administrators in the historically black universities to do what we can to ensure the reality that our young people are shored up against the possibility of that advent.

In that regard, then, the cuts that the administration is proposing as far as financial aid is concerned are summarized thus and they will have a massive impact upon not only my own institution, with nearly 6,000 students, but multiples of institutions, black and white, and Chicano, nationally.

For example, the ACE, American Council of Education, research suggests that the fiscal year 1985 recommendations would slash about 913,000 awards from the résumés of undergraduate and graduate students.

Second, even though the legislation called for a continuation of about $2.8 billion, the fact remains that because of the self-help concept, we would be talking about 290,000 fewer awards than these that are currently available. Third, the elimination of SEOG, if the Reagan administration had its way, would mean a loss of 655,000 in awards, which currently approach $375 million nationally, and that would be a tragedy. The 655,000, by the way, is not dollars, but students, translated into $375 million.

With the elimination, No. 4, of State student incentive grants we would jeopardize 304,000 awards at a cost of $76 million lost to our students. And then as far as Guaranteed Student Loans are concerned, the needs test would probably vastly eliminate large numbers of students with respect to access to higher education, because they just simply couldn't meet the test.

And finally, the administration has proposed elimination of total support for graduate students and that would mean the loss of some 1,700 graduate and professional opportunity fellowships that are mainly spread across a large range of minority and female programs, at a cost of about $16 million. That would be horrendous.

Second, with regard to the Black Colleges and Universities Act, as a part of title III, and I'm going to insert a correction here, it's a loss of 15 percent. In other words, less than 15 percent of the funding awarded under title III, as of fiscal year 1980, went under the aegis of title III to black universities and colleges nationally. The time has come, therefore, where something has to be done by the Federal Congress in concert with the Presidential Executive order of nearly 2 years ago, to appropriate significant sums of dollars to be used for purposes of ensuring the perpetuation of academic quality on the campuses of more than 100 historically black universities nationally.

This bill, of course, calls for the appropriation of $150 million for fiscal year 1985 and 1986, as defined in that act, and that's going to mean an awful lot to not only A&T, but black universities nationally, inclusive of such things as the purchase of needed scientific and laboratory equipment, the construction or maintenance of library facilities, the establishment of additional new academic programs

for black students in disciplines where there is either under-representation or no representation and, of course, it would enhance the prospects for getting more black dentists, or potential dentists, architects, physicians, engineers, and foreign language specialists, as well as economists, into the pipeline.

One aspect of this is critically important in our own university. We anticipate now, on the basis of a comprehensively defined 2-year study, undertaken by a task force of faculty, to begin the promulgation of activities associated with the construction of a new library, at a cost of between $8 million and $10 million. We could, therefore, use moneys that would come from this total of $150 million package for purposes of enhancing the prospects for assuring the adequacy of the libraries on our campus.

And then finally, in 1981 part C of the Research Library Resources Act provided $10 million for research libraries nationally. Chairman Simon is proposing that for fiscal year 1985 and 1986 that amount be increased to $15 million. The problem is this, Mr. Chairman: The record, unless I'm incorrect, shows that no black university has ever been able to secure funds for research libraries under part C of title II, from the U.S. Department of Education. I personally, as one chancellor of an historically black university, find unacceptable the explanation for this as being—or suggesting that historically black universities somehow can't qualify for this annual pool of millions because they, quote, "Don't have major research libraries," whatever that means.

I'm suggesting strongly that the committee do everything it can to encourage a change in the rules so that it will not be possible for the exclusion of these campuses and their libraries to continue into fiscal year 1985 and 1986 and beyond.

In conclusion then, in 1 minute, I would say this, that the issue before the House is one of defining the kind of decisionmaking processes, the kind of political power, the kind of fiscal support, and the kind of organizational strategy which will be necessary to ensure the promulgation of academic quality in these postsecondary education institutions, which form the backbone of college-level education for black youth in this country.

After all, approximately 80 percent of all the degrees granted to black youth in this country still come from those that are granted by historically black universities and colleges, including North Carolina A&T State University in North Carolina.

Our responsibility, therefore, as leaders of these institutions, is to galvanize the forces necessary to ensure the reality of mission accommodation in that vein.

What we're involved in, in conclusion, is this: A battlefield of endurance. This is a testing ground for the strong. It represents something that black institutions must be about, with your assistance. I would surmise that we probably have not traversed Dr. King's mountaintop yet. There are still rivers to cross, the swampland of the invisible man to traverse, the insidiousness of indecisiveness to withstand, the outrage of fiscal insufficiency to endure, and finally, the hobgoblin of, "Is anyone out there?" to tolerate as we seek to build better programs designed to accommodate the needs of the students that come to our campuses, such as those in North Carolina.

Thank you very much, Mr. Chairman.

Mr. ANDREWS. Well, thank you for a very good statement and for briefing it quite well.

I'd like to just share with you what I hear from some of the members of the House who are aware of the fact that I am a member of this subcommittee and, hence, I suppose perhaps to a greater extent than otherwise, they share some of their thinking with me in the consideration of the big deficits and debt. That, of course, is what we hear when we go home, perhaps more than any other one subject, I suppose. That varies. It depends somewhat on what was on "Sixty Minutes" the Sunday night before, and so forth.

But as a general rule, the deficit matter is what the press talk about when they come in, "What are you going to do about the debt?" And so that's obviously not only on the minds of the people back home; it's obviously on all our minds. And in the area of Federal assistance of whatever kind, to higher education, I don't see any threat of major cuts in any of the programs that fund higher education except in the area of student financial assistance. Many members are reading things, hearing things, and so forth, that cause them to think that, rather than having the several programs through which that financial aid is provided to students, many of the members are of the opinion that various of them should be reduced in amounts of appropriated funds.

But not totally. They would direct those funds so as to make them available to students on some sort of a family means test basis. In other words, they hear a lot of stories about families with quite high incomes whose children somehow or other receive Federal or partly Federal funds to assist the higher education of the children of that family which has a combined income of $50,000 or $70,000 or whatever. The members catch a hard time back home for that kind of thing when it's in the press and so forth, and they're more inclined to programs that provide money to those that are perceived to really have financial need for that money, in order to obtain that degree of education to which they aspire.

I just share that with you, as a political fact of life, that is a very prevalent feeling here.

Dr. FORT. Between 75 and 80 percent, Mr. Chairman, of the students on our campus are involved in some form of financial aid funding.

Mr. ANDREWS. Seventy-five to eighty?

Dr. FORT. Between 75 and 80. It fluctuates and has for the last 3½ years.

Right now it's at about 78 percent.

Mr. ANDREWS. Seventy-eight?

Dr. FORT. That's right.

Mr. ANDREWS. About what proportion of your total budget comes from the financial assistance received by that 78 percent of your student body?

Dr. FORT. We operate a $28.1 million budget, State funds. Add to that the millions that come from Federal sources and/or foundation sources and the amount increases to $45 million. So, our total budget is $45 million for nearly 6,000 students. And I would say

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that the overwhelming majority of that less approximately 2½ million, is tied up in Federal funding.

For example, and this has nothing to do with financial aid, but we're involved with 13 other black institutions in a $5 million—I'm sorry, a 5-year, $4 million grant—for research facilities construction from OSDA.

Mr. ANDREWS. Yes.

Dr. FORT. Our campus generates the third highest acumen of externally procured dollars from the Federal coffers of any institution in the State, behind Chapel Hill and the City University at Raleigh.

So, we are heavily dependent upon the Federal Government, as associated with the issue of non-State funds, the differential between the $28 million that I quoted, and the $45 million total.

Mr. ANDREWS. Yes.

A&T has, of course, a long and distinguished reputation in the field of agriculture.

Dr. FORT. That's correct.

Mr. ANDREWS. What percentage of your graduating class obtains degrees in, of one kind or another, research or otherwise, in the field of agriculture, in the broad sense of that term?

Dr. FORT. Between 10 and 15 percent.

Mr. ANDREWS. I see.

Dr. FORT. I might mention that I envision and view the high technical mission of this institution as being inclusive of the School of Agriculture, with particularized reference to agribusiness, agronomy and, of course, animal science administration.

Mr. ANDREWS. Yes.

Dr. FORT. As well as preparation of baccalaureate degrees and environmental protection. If you add to that the engineering sciences, industrial technology, business administration, and computer science, then you, in effect, have one of the most highly technical institutions in the entire State of North Carolina.

Mr. ANDREWS. All right. Next we have Dr. Raymond Burse, president, Kentucky State University. Dr. Burse, we are pleased to have you with us.

[Prepared statement of Dr. Raymond Burse follows:]

PREPARED STATEMENT OF RAYMOND M. BURSE, PRESIDENT, KENTUCKY STATE UNIVERSITY

Chairman Simon and members of the House of Representatives Committee on Education and Labor's Subcommittee on Postsecondary Education, I am appreciative and thankful of the invitation extended to me to appear before you to testify and share with you my comments, suggestions and recommendations regarding proposals for legislation reauthorizing the Higher Education Act of 1965. There can be little doubt in anyone's mind that the Federal response to the educational needs of our citizenry has had a tremendous impact on the development of our country and its people. Even though the programs which have been established and implemented have had a tremendous impact, based on the current status of education in this country, we still face a greater challenge and it is to the overcoming and meeting of this challenge that our attention should be directed.

I am here today as President of a high quality institution of higher education, Kentucky State University, as President of a public historically black institution and as an American citizen deeply interested in the future development of our educational system. Kentucky State University was founded in 1886, as an institution for the education of blacks and in 1890 was designated as a land grant institution under the 1890 Land Grant Act (the Second Morrill Act). Today KSU is a multicul-

tural, multiracial institution dedicated to providing to its students the highest quality education it can deliver.

Kentucky State University, in spite of some of its problems of the past, has been producing students well educated, trained and qualified to undertake work in their chosen fields and to be successful in graduate school. Kentucky State, like a great many other public historically black institutions, for a number of years received the crumbs of educational financing from the table of state public financing and as a consequence did not always progress as it would have liked or needed to in order to remain at the cutting edge of educational development. In spite of the absence of the funding that was necessary to achieve these objectives, this institution, KSU, like its sister public historically black institutions, continues to survive and to make and have a meaningful impact upon the lives of students and in particular, black students.

The disparity in funding received by historically black and traditionally white institutions has been documented in the records for a number of years and I do not think it is necessary that I further comment on that fact; however, I do think that just one other further indication of this disparity in current times is highlighted by the failure of Kentucky to come to the realization that Kentucky State, being a full partner in the Kentucky public higher education system and a land grand institution has been underfunded because under the Morrill Act for the 1862 institutions, there is a mandatory state match of the Federal funds received. For the 1890 institutions founded under the Second Morrill Act no such mandatory matching is required. As a consequence, 1862 and 1890 land grant institutions in the same state receive different levels of support from the state.

Recently, in trying to come to grips with this problem in the Commonwealth of Kentucky, the path of least resistance was to provide to Kentucky State an amount similar to that provided to other 1890 institutions by their home state. As Exhibit 1 illustrates, most states are not contributing anything for their 1890 land grant programs and those states which are contributing are doing very little (there are seventeen 1890 Institutions located in sixteen states). These 1890 land grant institutions will remain underserved, undercapitalized and underfunded because of this disparity. A great many of the major research buildings at the 1862 land grant institutions were built with federal dollars and now today when the 1890s need such facilities it is unwise to expend such funds in these ways.

More specifically, the problems which an institution like Kentucky State faces are both immediate and long-range. The most immediate problem is to continue to have a sound financial picture in a time of scarce resources while attempting to enhance academic programs. As a result of a state-wide Desegregation Plan mandated by the Office of Civil Rights of the U.S. Department of Education, Kentucky State University is going through a tranformation from a limited comprehensive university to a liberal studies oriented public institution with the lowest student-faculty ratio of any public institution in the Commonwealth. The transformation has brought about growing pains and has required and is requiring that the University reassess what it has been doing. To undertake this reassessment, to plan new programs and to implement those programs require that resources be available immediately. In many instances the resources necessary to undertake this kind of activity are not available and have not been available from either the state or from the federal government. These present day needs place great pressures on what an institution can realistically do knowing that its resources must be allocated in a way to ensure the maintenance and operation of a sound and well managed institution.

The long-range problem of an institution like KSU is the realization that to have an institution that is self sufficient, there must be a base of financial support that is stable, can be counted on at all times and over which the University has control for the allocation of resources. The answer to the long-range problem is obviously an endowment for such institutions which is not subject to change with the political winds and is not strapped with restrictions on what an institution can realistically do to meet the changing needs and demands of its student body and the other clientele.

Any reauthorization for the Higher Education Act of 1965 must be one that deals directly with both the current and short-range problems of all institutions and particularly historically black institutions, and deals directly with the long-range problems of these institutions. If these kinds of questions are addressed and are addressed in a systematic fashion that allows institutions some discretion, then the constant need for changes to be made to make such programs more adept to current situations is alleviated as the needed changes can be made at a level where the most information is available, the solutions clearer, and the ability to make modifications to ensure that the solution addresses the problem or objective is easier. But, in al-

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lowing such discretion, there must be a requirement for accountability of the resources allocated.

Kentucky State, as a historically black institution, is now poised in a position to provide to a wider population (a population that is beyond that of just black students), educational opportunities that are unique in Kentucky and the Nation. Kentucky State University for years accepted those students that no other institution in the Commonwealth would accept and was very successful in educating them. And, even today, Kentucky State University continues to be an institution doing a good job of educating students and in particular black students. Though KSU enrolls less than 10 percent of all black students in public higher education in the Commonwealth, it awards approximately 25 percent of all baccalaureate degrees awarded to black students by public institutions in Kentucky. It does so, not as a degree factory or mill, but with programs designed to ensure that students are truly educated, that they learn to read, to write, to think critically, to be able to make sound judgments, and to be able to distinguish between right and wrong and live in an often complex and perplexing society. KSU awards degrees with an education, not just degrees. This realization is gradually taking hold in the marketplace in which KSU operates and will continue to take hold as the situation changes.

What KSU is doing in this area is true of most, if not all, historically black institutions. And, in the present day environment when education and its quality is being called into question, when the literacy rate is low as in my home State of Kentucky, and when college going rates are dropping rather than rising, we need to ensure that access to education is available and that those institutions which have been doing the job will continue to be able to do so in the future. We can ill afford to have an institution (particularly in Kentucky) that is serving a substantial student population to no longer be able to provide educational services. We must ensure that those institutions doing a good job continue to improve and change to meet shifting demands and that the financial base for their operations becomes sounder and more secure.

To address the long-range and short-term problems of Kentucky State, I would like to say that the proposal put forth by Chairman Simon addresses in a very positive manner that which is needed to ensure that Kentucky State University continues to be a purveyor of knowledge, where students are allowed to drink from a well of knowledge they did not dig and to feel the heat from a fire of reason they did not start. After all, that is what education is about and to which we should be dedicated and committed.

In regard to Title III of the Chairman's recommendations, I find Part B—Strengthening Historically and Traditionally Black Colleges and Universities, to be the kind of short-range infusion of capital into my University that is needed to help it make the transition required under the Commonwealth's Desegregation Plan. The Plan is designed to ensure that Kentucky State University becomes a true and full participating and cooperating member of the system of public higher education in Kentucky. It is to these kinds of goals and ideas regarding public historically black institutions that the reauthorization of the Higher Education Act should be directed. For this nation to commit as is recommended in Part B of Title III direct grants and allotments to these institutions for a set period of time with some discretion as to where to expend the funds like the areas listed in proposed Section 323, would greatly benefit the transformation of these institutions from institutions constantly having to take money from Peter to pay Paul. The availability of these funds would ensure that long-range decisions are made today as to the expenditure of current funds so as to ensure the stability and continuation of these institutions. This, in my opinion, becomes the best way that the Congress and this Nation can ensure that these institutions continue to provide the kind of educational opportunities that everyone knows they have been the providers and purveyors of for years.

If these funds were available to KSU today, we would use them to—

1. Enhance our academic programs around a true liberal arts or liberal studies core curriculum;
2. Purchase the necessary equipment to keep the biological and natural sciences equipped to do the job necessary for survival;
3. Purchase additional computer equipment to meet a need that has our institution grappling;
4. Keep the University's library updated and current for student and faculty use;
5. Renovate decay in institutional facilities;
6. Implement a proposed new program of writing across the curriculum, as KSU realizes that effective communication is both oral and written.
7. Assist faculty members to complete terminal degrees or be retrained in areas needed at KSU; and

8. Continue our student services and counseling program needed to ensure that more students who enter KSU leave with a degree (increased retention).

These activities are not new or developmental but are what makes an institution of higher education. To improve and enhance the items I have listed will ensure a sound, stable and self sufficient institution, one of the key objectives of Title III.

The only changes I would suggest in the proposed language of Chairman Simon would be as follows:

1. That in defining the term "part B Institution," the reference to the composition of the student body be made to refer to the number of full-time equivalent students or that this definition be made specific in terms of the kinds of institution this section is designed to assist. This can be done by defining a "part B Institution" as those institutions established before 1964 and whose principal mission was in the education of black Americans. This later change will narrow the universe of eligible institutions and clearly define those institutions to which part B should be and is directed.

2. The provision relating to use of funds should be structured to encourage greater discretionary power at the institution, allowing institutions to identify areas of concern unique to their special circumstances and in accordance with their strengths. By allowing such discretion, it can be assured that the funds are properly spent in the areas that are of greatest need to the institution and does not put institutions in the position of chasing dollars for dollars' sake, even though the area in which they are seeking the money is not their area of greatest need.

This would address the short-range, current problems and/or needs of the historically black colleges or universities.

Part C and D of Title III as proposed would help to address the long-range problems which an institution like Kentucky State faces in that to the extent that KSU is able to generate funds from the private sector to the Challenge Grant Program to build an endowment, the long-range fiscal problems of the University will begin to be controlled. This is particularly important for public institutions in that until recently, public institutions have not felt the desire or the need to build endowments for purposes of assisting their operations. To provide an endowment funding program would serve as an incentive for an institution like Kentucky State to generate the dollars required for the matching funds to be placed in an endowment which would hopefully help secure its long-range financial planning. Additionally, providing the discretion at the institutional level as to how the allowable funds can be expended, also serves to reiterate and reinforce the need to put more discretion at the institutional level.

The present statutory authority under Title III and also as proposed in the Draft Bill by Chairman Simon allows the Secretary to waive the required non-federal matching in Title IV Programs is good legislation; however, the waiver has not been available in the current environment. Rather than providing for waivers that institutions have been requesting for years and not receiving, a change should be considered. I know that in the case of Kentucky State University, which had a change in its student enrollment pattern with a concurrent reduction in its state appropriation, requested a waiver regarding its maintenance of effort level over one year ago and to date has not been granted approval or denial of its request. Rather than stating that the waivers are available, it may be well that the Congress should do as it suggested with the Pell Grant Family Contribution Schedule, enumerate or list the conditions under which waivers should be granted and maybe even limit the amount of the waiver that should be given. This action would ensure that waivers are granted rather than there being statutory provision allowing the Secretary to promulgate regulations for such waivers and the regulations not come forth.

Changes recommended and suggested for Title IV-Student Assistance are changes that would greatly benefit an institution like Kentucky State University. KSU, as a public institution, has a low tuition relative to other institutions, and this low tuition is designed to make access available to students, one of the objects of the Student Assistance Program. Raising the Pell Grant level and the amount of funding available would unable an institution like KSU, which is presently unable to provide to students enough campus-based aid to cover their educational costs, to provide additional aid to its students. Having the Pell Grants increased in amount and the percentage of educational costs to be covered would also serve to encourage more graduates of Kentucky high schools to attend institutions of higher learning knowing that if their need exists, they will be able to attend an institution of higher learning. Making this program an entitlement would help to ensure that students are provided the opportunity and the access to higher education.

Having the Pell Program as an entitlement would be a tremendous boost and encouragement to students in the Commonwealth of Kentucky. Kentucky has one of

the lowest college going rates of any state in the nation and any and everything that can be done to assist in improving and increasing the college going rate in Kentucky is needed. I see the proposed change in the Pell Grant Program as a welcome benefit to Kentucky State and in saying so I know that the changes will be a problem to a number of the more high-cost institutions.

Changing the current law on College Work Study and in making the allocation under the proposed formula, will serve to assist an institution like Kentucky State University greatly. At Kentucky State University, approximately 70% of all students receive some kind of financial aid. The average Pell Grant at KSU is approximately $1,650; and in the recent past, the average Supplemental Educational Opportunity Grant to a KSU student has been approximately $400. Changing the College Work Study funding allocation mechanism would mean that KSU would be awarded more work study funds to be used by its total student population. KSU would have available more college work study for its students.

The creation of the Block Grant Program which would combine the current SEOG, NDSL and SSIG into a campus base block grant program is very much welcomed. Having a program that does allocate funds based upon need to institutions and then allowing the institutions the discretion to utilize those funds as college work study funds, grant funds or loan funds, provides an institution the flexibility to move funds around to ensure that the key objective of student access is accomplished. In addition, it allows the institution an opportunity to decide whether the student needs a loan or grant. It is at the institutional level where this decision can best be made. Providing this discretion to the institution should have required accountability mechanisms as is set forth in the proposal made by Chairman Simon.

Eliminating the origination fee of the Guaranteed Student Loan Program will increase the student's net amount received and therefore enhance the student's ability to meet the educational cost of the institution he/she attends. Changing the interest rates and using state secondary loan markets will also make the Guaranteed Student Loan more accessible to students.

I see all of the changes recommended by Chairman Simon as having a very positive impact upon the student enrollment picture at Kentucky State University. I see having the ability under the block grant program to make wise decisions in the best interest of students at KSU. For instance, in our current student body we have found that in the last two years, given the past problems we have had with our National Direct Student Loan Program, the inability to meet the needs of several students, particularly, out-of-state students. Through the financial aid that is available we have been able to cover or provide through Pell Grants, SEOG, or Work-Study, most of the student's educational expenses but leaves students short by as much as Three to Seven Hundred Dollars per academic term. Having the ability to cover this amount through either a grant or a loan would help Kentucky State ensure that it meets the educational needs of its students. Meeting those educational needs should ensure that more students remain in college for the full period and gain an education.

In a state like Kentucky where the college going rate is very low, more is needed to ensure that these students have an opportunity to attend an institution of higher learning or at least know of the availability of that opportunity. The Programs have met that need in the past and there is no doubt regarding an obvious need for more in the future.

KSU endorses all of Title V, Teacher Training Programs as suggested and recommended in that these efforts should help to improve and address some of the concerns which are being heard on a national basis concerning the quality of education in the United States.

In conclusion, the proposals put forth by Chairman Simon would have a tremendously positive impact in ensuring access to Kentucky State University by students desiring to obtain an education from a small, liberal studies-oriented institution and in making that environment one conducive to learning. We at KSU applaud the effort and do hope that the kinds of programs and approaches proposed will become the basis for the reauthorization of the Higher Education Act and that the recommendation for Part B, Title III becomes a reality.

EXHIBIT 1

AGRICULTURE COOPERATIVE EXTENSION

Institution: Kentucky State University:

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States	1981-82 State support	Number of counties	State support/county
Alabama	$300,000	67	$4,477.61
Louisiana	158,400	64	2,475.00
Maryland	167,573	23	7,285.78
Mississippi	98,103	82	1,196.38
Missouri	92,098	115	800.85
North Carolina	21,250	100	212.50
South Carolina	24,500	46	532.61
Virginia	1,000,000	95	10,526.32
Median support per county			1,835.69
Kentucky counties	40,981	120	341.51

[1] At the time, this was a proposed level of funding, not actual funding.

KSU STATE SUPPORT

	1982-83	1983-84	1984-85	1985-86
Median support times Kentucky counties	$235,703	$249,845	$262,337	$275,454

STATEMENT OF DR. RAYMOND BURSE, PRESIDENT, KENTUCKY STATE UNIVERSITY

Dr. BURSE. Mr. Andrews, I'm appreciative of the invitation extended to me this afternoon to present testimony on behalf of Kentucky State University.

Mr. ANDREWS. Where is Kentucky State University?

Dr. BURSE. Frankfort, KY.

Mr. ANDREWS. Frankfort.

Dr. BURSE. Yes.

Kentucky State, like a great many of the other historically black, both public and private, institutions, faces both immediate and long-range problems. The immediate problems are making the necessary changes in academic programs to meet the current needs. Most of these institutions are involved in reassessments at the particular point in time, trying to plan new programs, to implement these new programs, and in many instances the resources necessary to undertake this kind of activity are not available and have not been available from either the State or from the Federal Government.

The long-range problems of an institution like Kentucky State is the realization that to have an institution that is self-sufficient there must be a base of financial support that is stable, can be counted on at all times, and over which the university has control for the allocation of resources.

Because we have both short-range and long-range problems, any reauthorization for the Higher Education Act must be one that deals directly with both current and short-range problems of all institutions, and in particular, historically black institutions, and deals directly with the long-range problems of these institutions. If these kinds of questions are addressed and are addressed in a systematic fashion, and they allow institutions some discretion, then the constant need for changes to be made to make sure such pro-

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grams are more adapted to current situations are alleviated, needed changes can be made at a level where the most information is available, the solution is clear, and the ability to make modification to ensure the solution addresses a problem or the objective, is easier. But allowing such discretion there must always be accountability.

Kentucky State, as the ~~only hist~~orically black institution in the Commonwealth of Kentucky, today enrolls less than 10 percent of all black students in the Commonwealth of Kentucky and yet it awards approximately 25 percent of all baccalaureate degrees awarded to black students by public institutions in Kentucky.

And because it does this, and because Kentucky is a State where the literacy rate is low, where the college-going rate is going down, we need to do all that we can ensure that an institution like Kentucky State continues to provide services and support to the students and population of this institution. I think to address the long-range and short-range problems of an institution like Kentucky State the proposal that has been put forth addresses in a very positive manner that which is needed to ensure that Kentucky State continues to be a purveyor of knowledge, where students are allowed to drink from a well of knowledge that they did not do and to feel the heat from a fire of reason that they did not start. Those are the reasons for which academic institutions exist.

In regard to title III, part B, I find that to be the kind of short-range infusion of capital into my own university that is needed to help make it make the transition required of it in the Commonwealth of Kentucky to become a full and participating member in the system of public higher education in Kentucky. I think it is these kinds of goals and ideas regarding public historically black institutions that the reauthorization of the Higher Education Act should be directed.

For this Nation to commit, as is recommended in part B of title III, direct grants and allotments to these institutions for a set period of time with some discretion as to where to expend those funds, would benefit greatly the transformation required and get these institutions out of the position of taking money from Peter to pay Paul. The availability of these funds would ensure that the long-range decisions that are being made today as to the expenditure of current funds will be made to ensure stability and continuation of these institutions.

This, in my opinion, becomes the best way that the Congress and this Nation can help to ensure that these institutions continue to provide the kind of educational opportunity everyone knows that they have been the providers and purveyors of for years.

The only changes I would suggest in the proposed language, in part B, would be that in defining the term "part B institution" the reference to the composition of the student body be made to refer to the number of full-time equivalent students or that this definition be made more specific in the terms and kinds of institutions this section is designed to assist. This can be done by defining part B institutions as those institutions established before 1964 and whose principal mission was in the education of blacks. This latter change will narrow the universe of the eligible institutions and

clearly define those institutions to which part B should be, and is, directed.

The second change I would recommend is the provision relating to the use of funds. Funds should be structured to encourage greater discretionary power at the institution, allowing institutions to identify areas of concern unique to their special circumstances, and in accordance with their strength. By allowing such discretion it can be assured that such funds are properly spent in the areas that are of greatest need to the institution, and does not put institutions in the position of chasing dollars for dollars' sake, even though the area in which they are seeking the money is not their area of greatest need.

I find that part C and part D, as proposed, would help to address the long-range problems which an institution like Kentucky State faces in that public institutions in the past have not been particularly interested in building endowments or to assist in their operation. To provide an endowment funding program would serve as an incentive for an institution like Kentucky State to generate the dollars required for the matching funds to be placed in an endowment which, hopefully, would help secure this long-range financial planning.

Additionally, providing the discretion at the institutional level as to how the allowable funds can be expended also serves to reiterate and reinforce the need to put more discretion at the institutional level.

The changes recommended and suggested for title IV, the student assistance, are changes that greatly benefit an institution like Kentucky State and are things that we wholeheartedly endorse. And rather than go into all of those, I think that Chancellor Fort's points on those, on title IV student financial assistance were the same, are the same comments, and feelings, that we at Kentucky State University have and to which we endorse.

I see everything that's been put before me in terms of the reauthorization, proposed reauthorization, as the kinds of programs which would be tremendously—have a tremendously positive impact in ensuring access to Kentucky State University by students desiring to obtain an education from a small, liberal studies-oriented institution, and in making that environment one conducive to learning. We at KSU applaud the effort and do hope that the kinds of programs and approaches proposed will become the basis for the reauthorization of the Higher Education Act. Thank you.

Mr. PENNY. Thank you for your testimony.

Next we'd like to hear from Dr. Ayers.

[Prepared statement of Dr. George Ayers follows:]

PREPARED STATEMENT OF GEORGE E. AYERS, PRESIDENT, CHICAGO STATE UNIVERSITY

Mr. Chairman, Honorable Congressmen, thank you for inviting me to appear before your subcommittee and for giving me the opportunity to offer my views on legislative proposals and legislation reauthorizing the Higher Education Act of 1965.

Mr. Chairman, I accepted your invitation because, like most Americans, I strongly believe that the institution of Congress remains only the primary influence upon public policy in our governmental system, but also the main channel through which demands for change are made if new directions are to be pursued in public policy. Although legislation may not determine the final shape of public policy, it is cer-

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tainly a central component of the policy process. Without congressional authorization no administrative agency would have the authority to act. The major function that legislation fulfills is to authorize administrative agencies to enter particular policy areas, and the boundaries within which agencies can formulate public policy are set and defined by Congress, although these boundaries can be very broad.

The task before this subcommittee is not an easy one. Any discussion of educational policy in the United States immediately brings to light the continuing disagreement on the objectives of education as well as the issue of equality in education. Education can serve as an equalizing or leveling institution, or it can act as a selection mechanism for the purpose of perpetu[illegible] an existing stratification system. As we are all aware, two traditions have [illegible] e years, generated cross-pressures and conflicting goals in American educat[illegible] licy. One tradition holds that individuals are endowed with differing levels of ability, and as such, efforts to guarantee an equal education are an exercise in futility. According to this mode of thought, intelligence rather than equal opportunity determines the life chances of the individual. The other school of thought to which I contribute, emphasizes equality of opportunity. It requires that all external constraints be removed to allow complete development of individual potential. Social and background characteristics should therefore, not determine individual opportunity.

Mr. Chairman, regardless of one's point of view on this matter, we all need to be reminded that schools, colleges and universities in America have been assigned the multiple tasks of providing students with the basic skills necessary for a productive life, establishing a positive self-image especially in students from minority groups, establishing a system of values by which they may direct their own lives, establishing the groundwork for an integrated society, providing the nation with an adequate supply of highly trained citizens for scientific and technical enterprise, and socializing students into the American political culture by creating a sense of loyalty to its values. From this stand-point, one sees the necessity for public officials to help shape our education system as a machinery for eliminating inequality of opportunity and for achieving a degree of social justice for all in America.

With this background statement, and while I support your recommendations in general, I shall proceed to specifically comment on a number of provisions of the proposed legislation.

The new Part B of Title III which will establish the Black College and University Act is worthy of support by all who see education as an instrument of economic and social mobility in American society. Mr. Chairman, the need to make the principal parts of Title III more race-specific is adequately demonstrated in your Discussion Paper. As you have rightly pointed out, although the Higher Education Act of 1965 included the "developing institutions" title for direct institutional aid to historically black colleges and universities, the vague language "has created difficulty in establishing eligibility criteria, targeting funding, and evaluating institutional progress over the years". As a result, funding under this program has shifted away from Black colleges to White institutions before passage of the Education Amendments of 1980, and again, as evidence in your Discussion Paper shows; "from 1966 through 1982, only 44 percent of the funds appropriated for Title III went to Black Colleges and Universities".

It goes without saying, Mr. Chairman, that Black colleges and universities play a critical role in redressing existing imbalances relative to underrepresentation of Blacks among university graduates, and in "graduate school enrollment (6 percent), professional school enrollment (4.5 percent), and doctorate degrees awarded (3.5 percent)". We must also note that assisting these colleges and universities greatly enhances the capacity of the Federal government to fulfill its access mission in higher education; a mission that remains largely unresolved.

As many of us are aware, formidable barriers still remain which prevent blacks from full and equal participation in higher education. Restrictive admission policies, the lack of interest and recruitment and retention of Black students, economic barriers which prevent academically able Black students from enrolling in predominantly White schools when and if they are accepted, and weak academic preparation of students in high schools and community colleges which disqualifies such students from acceptance into four-year colleges and universities represent but a few of the factors.

Complicating the issue of equal access for Blacks are rising college tuition costs, diverse and shifting public attitudes regarding the value of higher education, substantial reductions in financial support for public colleges and universities, fluctuating enrollment patterns, reductions in state and federal student financial aid programs, a changing profile of student needs and a changing employment market resulting from an unstable economy. The degree to which consideration is being given

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to these factors by colleges and universities obscures and, in some cases, has replaced appropriate attention being directed to equal access.

Some prominent educators have observed that the access principle promises no relief for increasing the number of Blacks at historically White institutions. They further suggest that there is even some doubt now, because of the Supreme Court's opinion in reverse discrimination cases, about the manner and extent to which any state may voluntarily seek to increase the diversity of its traditionally White schools by admitting Blacks whose credentials may be deemed to be less competitive than those of Whites. Access for students from Black families is being restricted to the highly talented. Such students comprise a relatively small portion of those who are eligible for higher education. Unless access to colleges and universities is available to a much larger segment of this society, we will be faced with large numbers of inadequately trained citizens. The economic and political impact of this will be disastrous. This proposed legislation, if passed, will undoubtedly enable Black colleges and universities to play a major role in resolving the equal access issue. With regard to activities which the institutions might undertake with the funds provided, the list suggested in your Discussion Paper seems adequate for a start.

Mr. Chairman, as I mentioned earlier, one of the main obstacles to equal access has been the reductions in state and federal student financial aid programs. The G.I. Bills, federal programs based on financial need, and student loans guaranteed by the federal government have all brought higher education within the reach of Blacks and other minorities. For many states, these federal programs have been supplemented by state efforts to make certain that financial need would not become an insurmountable obstacle to higher edcuation. Today, however, we see the federal government retreating from its support of programs to aid students. For instance, in President Reagan's fiscal year 1985 budget, $460 million is being cut from higher education programs, about $330 million of which would come from student aid. [If these cuts become a reality, the Reagan budget would succeed in reducing need-based aid to 26 percent] since fiscal year 1980. This would have devastating effects on colleges and universities with predominantly Black enrollments.

Progressive changes proposed in Title IV (Student Financial Assistance) of the new legislation come as great relief at a time when critical federal programs are being sharply curtailed or eliminated. Without adequate financial aid, about 90% of the Black students now in college would be forced out because many come from low-income families. In its Second Annual Status Report on Minorities in Higher Education, the Office of Minority Concerns of the American Council on Education found that in 1982, 35.6 percent of Black families had incomes below the poverty level. For Whites, the figure was 9.1 percent. 37.7 percent of all Black families were headed by single women. 70 to 80 percent of female-headed non-white families live in poverty. The consequence of these statistics, according to the ACE report is that "the high proportion of minorities, particularly minority women, living under the poverty level underscores the importance of financial aid for minorities and suggest that their relatively greater poverty is both a reflection of and a factor affecting their low-levels of educational attainment". The ACE report further notes that in 1980, 23.7 percent of the White 25-29 year olds were college graduates while only 11.7 percent of Blacks had achieved that level of education; demonstrating again, that despite the progress made in the education of minorities over the last few decades, Blacks still lag far behind Whites in their access to higher education.

Despite income gains achieved by Black Americans over the past three decades, most evidence shows that the income gap between Black and White families continues to widen. Also, if Blacks continue to experience adult unemployment that approaches three times that of White adults, and Black teenage unemployment remains above 50 percent, the impact on college attendance among Blacks will be devastating. This problem obviously cannot be eliminated without significant expansion of economic opportunity which facilitates greater equity in access to employment and strengthening of financial aid programs.

Private financial aid, and many state programs, as well are based on discriminatory criteria that often favor Whites, whereas federal programs have been based on need. While colleges and universities have remained primarily a state, local or private responsibility, it was their development as instruments of social and economic advancement what led to demands for federal involvement and support. This helps to explain the need and rationale for Congressional action in this matter.

Earlier today, Mr. Chairman, you took testimony from a panel of Presidents of urban universities. They testified to the promise inherent in Title XI, the Urban Grant University Act. I would like to add my own personal endorsement to the testimony of my Chicago neighbor, Mike Alexandroff, and our colleagues on the Board of the Association of Urban Universities, Bob Corrigan and Bernard Harleston.

While many of the urban universities are not considered historically Black institutions, I think it is fair to say that an urban university cannot lay claim to that proud title unless it is willing to shoulder a significant degree of responsibility toward making the urban communities in which so many Black and other minority Americans live, better places in which to live. The urban universities are a self-selected group, who have shown their readiness to be a part of the solution where they and other urban-located institutions have hitherto been part of the problem. My institution, Chicago State University, exemplifies the effectiveness of this role. Starting out as a teacher-training institution until its present multi-purpose status, Chicago State University has produced most of the teachers for the City of Chicago Board of Education. I am proud to say that in a recent Chicago Public School principals' examination, thirty percent—51 out of the 168 successful candidates—were alumni of my university. This, the largest number of any college or university in Illinois, reflects the continued positive impact the university has upon the broader educational community in the Chicago urban area. I share the hope that this subcommittee will see fit to reauthorize Title XI, and that the Congress will see fit to fund it in the immediate future.

In conclusion, Mr. Chairman and Honorable Members of this Subcommittee, many of us in higher education are pleased and encouraged by your efforts to initiate and promote policies that would use the educational system to broaden the base of social equality and expand the opportunities for social advancement in keeping with American egalitarian goals. According to Thomas Jefferson, the purpose of education was to develop citizens in our democratic society who would know what their rights were and be capable of defending them against those who would encroach upon them. If citizens were to participate and maintain a democratic system, they must be educated to the task, and in the words of noted educator Horace Mann, education is "the great equalizer of the conditions of men."

Again, thank you for inviting me to appear before you. I hope and trust that you will reauthorize the Higher Education Act of 1965 with all its main provisions as proposed by Subcommittee Chairman, the Honorable Paul Simon.

STATEMENT OF DR. GEORGE AYERS, PRESIDENT, CHICAGO STATE UNIVERSITY

Dr. AYERS. Thank you, Mr. Chairman.

I'm also pleased to have the opportunity to appear before you and also present testimony this afternoon. As president of a predominantly black university in Chicago, IL, we too are concerned about the legislation that is being proposed. I must say that I support your recommendations in general and I would like to comment briefly on a number of the provisions of the proposed legislation.

The new part B of title III, which will establish the Black College and University Act, is worthy of support by all who see education as an instrument of economic and social mobility in American society. Mr. Chairman, the need to make the principal part of title III more race specific is adequately demonstrated in a discussion paper. As you rightfully pointed out, although the Higher Education Act of 1965 included the, quote, "developing institutions," end of quote, title for the direct institutional aid to historically black colleges and universities, the vague language has created difficulty in establishing eligibility criteria, targeting funding, and evaluating institutional progress over the years. As a result, funding under this program has shifted away from black colleges to white institutions before the passage of the Educational Amendments of 1980. And again, as evidenced in your discussion paper, from 1966 through 1982 only 44 percent of the funds appropriated for title III went to black colleges and universities.

As many of you are aware, formidable barriers still remain which prevent blacks from full and equal participation in higher

education. Lack of interest in the recruitment and retention of black students and the economic barriers which prevent academically able black students from enrolling in predominantly white schools as well as black schools, when and if they are accepted, represent but a few factors.

Complicating the issue of equal access for blacks is the rising tuition cost, as well as substantial reductions in financial support for public colleges and universities. Also I might indicate, reductions in State and Federal student financial aid programs.

The degree to which these considerations are being given to factors by colleges and universities occurs and, in some cases, I think, has replaced appropriate attention being directed to equal access.

One of the main obstacles to equal access has been the reduction in the State and Federal student financial aid programs, the GI bills, Federal programs based on financial need, and the student loans, guaranteed by the Federal Government, have all brought higher education within the reach of blacks and other minorities.

In many States these Federal programs have been supplemented by State efforts to make certain that financial aid would not become an insurmountable obstacle to our higher education.

Today, however, we see the Federal Government retreating from the support of programs to aid students. For instance, President Reagan's fiscal year 1985 budget, $460 million is being cut from higher education programs. About $330 million of that would come from student aid. If these cuts become a reality, the Reagan budget would succeed in reducing need-based aid to 26 percent since fiscal year 1980. This would, no doubt, have a devastating effect on colleges and universities with predominantly black enrollments.

Progressive changes proposed in title IV, student financial assistance, of the new legislation come as a great relief at a time when critical Federal programs are being sharply curtailed or eliminated. Without adequate financial aid, about 90 percent of the black students now in college would be forced out because many come from low-income families.

In its second annual status report on minorities in higher education, the Office of Minority Concerns of the American Council on Education, found that in 1982, 35.6 percent of black families had incomes below the poverty level. For whites, the figure was 9.1 percent.

Earlier today, Mr. Chairman, you took the testimony from a panel of presidents of urban universities. They testified to the promise inherent in title XI, the Urban Grant University Act. I would like to add my own support and personal endorsement to that testimony. I think it is fair to say that an urban university cannot make claim to that proud title unless it is willing to shoulder a significant degree of responsibility toward making the urban community, in which so many blacks and other minority Americans live, better places in which to live.

I share the hope that this subcommittee will see fit to reauthorize title XI and that Congress will see fit to fund it in the immediate future.

In conclusion, Mr. Chairman, many of us in higher education are pleased and encouraged by your efforts to initiate and promote policies that would use the educational system to broaden the base

of social equality and expand opportunity for social advancement, in keeping with American egalitarian goals.

According to Thomas Jefferson, the purpose of education was to develop citizens in our democratic society who would know what their rights were and be capable of defending them against those who would encroach upon them. If citizens are to participate and maintain a democratic society, they must be educated for the task.

Again, thank you for inviting me to appear before you. I hope and trust that you will reauthorize the Higher Education Act of 1965 with all the main provisions, as proposed by the subcommittee chairman, the Honorable Paul Simon.

Thank you.

Mr. PENNY. Thank you, Dr. Ayers.

Our last panelist is Dr. Robinson.

[Prepared statement of Dr. Prezell Robinson follows:]

PREPARED STATEMENT OF DR. PREZELL ROBINSON, PRESIDENT, ST. AUGUSTINE'S COLLEGE, AND CHAIRMAN OF THE BOARD OF DIRECTORS OF THE NATIONAL ASSOCIATION FOR EQUAL OPPORTUNITY IN HIGHER EDUCATION

Mr. Chairman, and Members of the Subcommittee: My name is Prezell Robinson. I am President of St. Augustine's College in Raleigh, North Carolina and Chairman of the Board of Directors of the National Association for Equal Opportunity in Higher Education (NAFEO) with headquarters in Washington, D.C. I speak, today, on behalf of the Nation's 114 historically and predominantly black colleges and universities. We represent the more than 250,000 students currently studying at these institutions and the millions of Alumni, family members, friends, associates and other benefactors of the nation's historically black colleges.

Our Association is strongly in favor of the draft legislation introduced by Chairman Paul Simon in March, 1984 designed to Amend and Extend the Higher Education Act of 1965 and referred to as the Higher Education Amendments of 1984.

My colleagues, Dr. Raymond Burse, President of Kentucky State University; Dr. George Ayers, President of Chicago State University; and Dr. Norman Francis, President of Xavier University—all presidents of member institutions of our Association—have already addressed quite effectively most of the aspects of the draft legislation before you. As Chairman of the entire Association, I have been asked to speak especially in support of Part B of Title III of this draft legislation. Part B is designed specifically and explicity to "Strengthen Historically and Traditionally Black Colleges and Universities." As we understand it, this title is designed expressly to aid "those institutions established for Blacks before 1964 the enactment of the 1964 Civil Rights Act and whose principal missions were and are the education of Black Americans.

Because of the nature of my presentation, I am pleased to advise the Members of this Committee of the presence of two outstanding legal authorities who have served as co-counsel to our Association in considering this proposed legislation, and who are co-authors with their colleague of a position/brief paper on this subject which at this time we would like to submit for the record and will serve as the basis for my brief remarks on behalf of the Association. I would like to introduce Professor Herbert O. Reid, who is Charles Hamilton Houston Professor in the Howard University Law Center and Counsel of record to the National Association for Equal Opportunity in Higher Education, and Professor Kenneth Tollett, Distinguished Professor of Higher Education and Director of the Institute for the Study of Educational Policy at Howard University. Both of these gentlemen will be available to assist me in responding to your questions after my presentation.

Mr. Chairman, it is the view of the National Association for Equal Opportunity in Higher Education that the original and primary purpose of Title III of the Higher Education Act of 1965 was to provide direct assistance to the nation's historically black colleges and universities, which despite an historic pattern of neglect and underfunding have continued to bear a major share of the responsibility for the movement of Black Americans into the American Mainstream through the medium of higher education. We can say without fear of contradiction that there would be no substantial Black middle class today were it not for those institutions. There would be no substantial integration in the higher echelons of the Federal government, the military, the judiciary, the medical profession, or higher education itself, were it not

for the undergraduate and graduate programs of the nation's historically black colleges. As we look into the future, the need for strengthening these institutions in order to strengthen the nation itself is absolutely necessary.

In 1965, however, it was believed that the social and political climate would not support the Congress in the adoption of race specific language in Title III legislation. Therefore, these historically black colleges were referred to euphemistically as "developing institutions." This vague and imprecise language has been subjected to interpretations often at odds with the original intent of the legislation. The consequence has been inadequate, imbalanced, and uneven funding of these institutions compared with others. Thus, while in 1966, 1971 and 1972 the nation's historically black colleges and universities received fully 60 percent of funds appropriated under Title III, there have been other years when they received substantially less. In 1980, for example, they received only 14 percent of appropriated funds.

We come before you today to strongly urge that a most appropriate and effective means of correcting the imbalance in appropriation of Title III funds is to make the provisions of this Title race-specific. By this we mean specifying in the language of the Act that funds are to be appropriated for the purpose of strengthening the nation's historically black colleges and universities and the furtherance of their particular mission as a contribution to the nation. Part B of the Title III of the Higher Education Amendments of 1984, drafted by Chairman Paul Simon and other Members of this Committee with the assistance of experts in education and law, is, in our judgment, a most appropriate and effective means of assuring the continued viability of these institutions.

Now, the question has been raised as to whether the social, political, legal and intellectual climate of today is sufficiently different from 1965 as to enable the Congress to consider positively the race specific language of this proposed legislation. We believe that it is. Indeed, we believe that the Higher Education of Act of 1965 itself, with its support for the tremendous expansion of higher education in the nation, has helped to produce today's climate which is much more enlightened on the question of racial progress.

There are four basic reasons why we urge the Committee and the Congress to adopt the provisions of Part B Title III.

First, we know that the nation's historically black colleges and universities still suffer gross and egregious neglect in the support of higher education from all sources as compared with the nation's predominantly white colleges. This is especially damaging when it applies to Federal support for higher education. So the need for remedy is critical.

Secondly, we believe that the primary purpose of the Reconstruction Amendments to the U.S. Constitution was to provide constitutional protection to Black Americans who had as a prople been humiliated by the imposition of the slave system, which for a long period of time had the active sanction and support of the Federal government. Thus these amendments, and especially the Equal Protection Clause, were not designed to be "color blind." Instead they were designed to be "color conscious." We hold these amendments were not designed or needed to protect white men from the ravages of slavery, but Black People. It was not white men who were subjected to widespread lynching and flogging but Black People. It was not white men who were denied the right to contract to acquire property or to testify in Court, but Black People. Black men, women and children, the race of people previously enslaved, were the intended beneficiaries of the 13th, 14th and 15th amendment to the U.S. Constitution. This suggests to us that these measures were "color conscious" and not "color blind." They were designed and needed to protect Black People.

Thirdly, we believe that the Congress has ample power to embrace the race specific provisions of the draft legislation before you. Indeed we believe that the power of Congress to enforce the Reconstruction Amendments is as broad as that under the necessary and proper clause of Article 1, Section 8. In case after case, the Supreme Court has held that race specific remedies are appropriate when enacted to enforce the 13th, 14th and 15th amendments, particularly when the remedies are consistent with the meaning and spirit of the Constitution.

Finally, we urge you to support Part B, Title III because we believe that it offers a legitimate, constitutional and effective means of correcting the past and continuing failures of the Federal, state and local governments to eliminate the badges of slavery and unequal protection of the laws to which Black citizens and their institutions are subjected.

We thank you, Mr. Chairman and Members of the Subcommittee, for your attention. Our co-counsels and I will be pleased to respond to any of your questions.

STATEMENT OF DR. PREZELL ROBINSON, PRESIDENT, ST. AUGUSTINE'S COLLEGE

Dr. ROBINSON. Thank you very much, Mr. Chairman.

I am Prezell Robinson. I am president of St. Augustine's College in Raleigh, NC, and chairman of the board of directors of the National Association for Equal Opportunity in Higher Education, acronym NAFEO, with headquarters in Washington, DC.

I speak today on behalf of the Nation's 114 historically and predominantly black colleges and universities. We represent more than 250 students currently studying at these institutions, and the millions of alumni, family members, friends, associates, and other benefactors of the Nation's historically black colleges and universities.

As I make this presentation here today I do so on behalf of our president, Dr. Samuel Myers, our vice president, who is with us. I'd like to recognize her. Mrs. Wilma Rosco, who is in the audience.

Our association is strongly in favor of the draft legislation introduced by Chairman Paul Simon in March 1984, designed to amend and extend the Higher Education Act of 1965, and referred to as the Higher Education Amendments of 1984. My colleagues, Drs. Raymond Burse, president of Kentucky State University, George Ayers, president, Chicago State University, Edward Fort, chancellor, the North Carolina Agricultural and Technical State University, all presidents of member institutions, and of our association, have already addressed quite effectively most of the aspect of the draft legislation before you.

As chairman of the association I have been asked to speak especially in support of part B of title III of this draft legislation. Part B, Mr. Chairman, is designed and I quote, "To strengthen historically and traditionally black colleges and universities," end of quote.

As we understand it, this title is designed expressly to aid those institutions for blacks before the enactment of the 1964 Civil Rights Act, and whose principal missions were and are the education of black Americans.

Because of the nature of my presentation, I am pleased to advise the members of this committee of the presence of two truly outstanding legal authorities who have served as cocounselors to our association in considering this proposed legislation, and who are coauthors, with their colleague, of a position paper on this subject, which at this time we would like to submit for the record. It will serve as the basis for my brief remarks on behalf of my presentation.

[The information referred to follows:]

THE LEGAL AND CONSTITUTIONAL JUSTIFICATION FOR RACE-SPECIFIC LANGUAGE IN TITLE III OF THE HIGHER EDUCATION ACT OF 1965

(By Herbert O. Reid, Kenneth Tollett, and Gabrielle Woods, April 3, 1984)

STATEMENT OF THE FACTS

The Higher Education Act of 1965 will expire in 1985. Title III of this Act was originally designed to provide direct institutional aid to Historically Black Colleges and Universities, which were euphemistically called "developing institutions." It was believed that Congress would not have enacted race-specific language at that

time. However, this vague language has created difficulty in establishing eligibility criteria, targeting funds, and evaluating institutional progress. As a result, funding for Black Colleges and Universities has been erratic and inadequate. In 1966, 1971, and 1972 Historically Black Colleges and Universities received as much 60% of the funds allocated for Title III and in 1980 they received only 14%. This figures rose to 31% in 1982. From 1966 through 1982 only 41% of the total appropriated funds for Title III went to Black Colleges and Universities.

A method of correcting the deflection of Title III from its original principal purpose is to make it race specific. The following issues, conclusions, and discussions analyze the legal and constitutional justifications for race-specific language in Title III of the Higher Education Act of 1965.

ISSUES, CONCLUSIONS, AND DISCUSSIONS

I. Issue: Are the Reconstruction Amendments of the United States Constitution, particularly the Equal Protection Clause of the Fourteenth Amendment, color-blind?

Conclusion: No, they were enacted for the purpose of protecting the rights of the newly freed slaves and to facilitate their equal treatment and full citizenship participation.

II. Issue: What is the scope of the power of the Congress to enforce the Reconstruction Amendments?

Conclusion: The Power of Congress to enforce the Thirteenth, Fourteenth, and Fifteenth Amendments is as broad as that under the Necessary and Proper Clause of Article I, Section 8.

III. Issue: Have the federal government, state and local governments, and society failed to eliminate the badges and incidents of slavery or to remedy segregation, discrimination, or the unequal protection of the laws?

Conclusion: Yes, however, an amendment to Title III which provides funds for Black Colleges and Universities would be a limited, but legitimate, means for the government to correct its failure to eliminate the badges and incidents of slavery and remedy effects of societal discrimination and segregation.

DISCUSSION

The Reconstruction Amendments were adopted to free the slaves and to overrule *Dred Scott* v. *Sanford*, 60 U.S. (19 How.) 393 (1857), by making Blacks citizens of the United States and the states in which they resided; to secure to Blacks the privileges and immunities and equal protection of the laws which whites enjoyed; and to guarantee the rights of Freedmen to vote. They were not adopted primarily to protect women, the environment, consumers, homosexuals, Indians, Chicanos, aliens, illegitimate off-spring, the poor, or any other minority group, class, or things.

With the adoption of the Reconstruction Amendments and Civil Rights Acts—Civil Rights Act of 1866, 14 Stat. 27 (codified at 42 U.S.C. §§ 1981, 1982 (1976); Enforcement Act of 1870, 16 Stat. 140 amended 16 Stat. 433 (1871) (codified at 42 U.S.C. §§ 1981–1985 (1976)); Anti-Ku Klux Klan Act of 1871, 16 Stat. 437 (codified at 42 U.S.C. § 1985 (1976)); Public Accommodations Act of 1875, 18 Stat. 335 (codified at 42 U.S.C. 1971 (1976))—Congress initiated a counterattack against the constitutionalization of racism. For the constitutionalization of racism, see, Article II, Section 2 (slaves counted as 3/5 of persons for taxes and representation); Article I, Section 9 (migration and importation of slaves (3/5 persons) not to be prohibited prior to 1808 and limitation on taxation of slavery); Article IV, Section 2 (escape slave clause); Article V (prohibition of amendments to constitutional provisions protecting slavery prior to 1808). The counterattack was enacted to make the American Dream a reality for Blacks. The Reconstruction Amendments and Civil Rights Acts were proposed and adopted or enacted in response to (1) widespread abuse of the Freedmen by lynchings and floggings; (2) denial of their right to contract, acquire property, or testify in court where a white person was a party; and (3) withholding from Blacks the right to vote and the minimal respect civilized human beings afford others.

Speaking for the Court in the *Slaughter-House Cases*, 83 U.S. (16 Wall.) 36, 71–72 (1873), Justice Miller stated:

"We repeat, then, in the light of this recapitulation of events, almost too recent to be called history, but which are familiar to us all; and on the most casual examination of the language of these amendments, no one can fail to be impressed with the one pervading purpose found in them all, lying at the foundation of each, and without which none of them would have been even suggested; we mean the freedom of the slave race, the security and firm establishment of that freedom, and the protec-

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tion of the newly-made freedman and citizen from the oppressions of those who had formerly exercised unlimited dominion over him. It is true that only the fifteenth amendment, in terms, mentions the negro [sic] by speaking of his color and his slavery. But it is just as true that each of the other articles was addressed to the grievances of that race, and designed to remedy them as the fifteenth."

Continuing this line of thought he further stated:

"We doubt very much whether any action of a State not directed by way of discrimination against Negroes as a class, or an account of their race, will ever be held to come within the purview of this provision [Equal Protection Clause]. It is so clearly a provision for that race and that emergency, that a strong case would be necessary for its application to any other." *Slaughter-House Cases,* p. 81.

Therefore, the central purpose of the Equal Protection Clause and the other provisions of the Reconstruction Amendments was to protect Blacks from oppression and discrimination imposed by the majority whites. Judge Strong stated in *Strauder* v. *Virginia*, 100 U.S. 303, 310 (1880), that ". . . its [The Fourteenth Amendment] design was to protect an emancipated race, and to strike down all possible legal discrimination against those who belong to it."

II. DISCUSSION

The enabling clauses of the Thirteenth, Fourteenth and Fifteenth Amendments conferred on Congress the same power of enforcement as the Necessary and Proper Clause of Article I, Section 8 of the original Constitution. Justice Marshall stated, the reach of those powers in *McCulloch* v. *Maryland*, 17 U.S. (4 Wheat.) 316, 421 (1819), saying:

"Let the end be legitimate, let it be within the scope of the Constitution, and all means which are appropriate, which are plainly adapted to that end, which are not prohibited, but consistent with the letter and spirit of the Constitution are constitutional."

Section 5 of the Fourteenth Amendment was held to have the same broad scope in *Ex Parte Virginia*, 100 U.S. 339, 345–346 (1880), where it was stated:

"Whatever legislation is appropriate, that is adapted to carry out the objects the amendments have in view, whatever tends to enforce submission to the prohibitions they contain, and secure to all persons the enjoyment of perfect equality of civil rights and the equal protection of the laws against State denial or invasion, if not prohibited, is brought within the domain of congressional power."

Clearly, these tests show that race specific remedies are appropriate when enacted to enforce the Thirteenth, Fourteenth, and/or Fifteenth Amendments, particularly when the remedies are consistent with the meaning and spirit of the Constitution.

In the exercise of its broad power to enforce the Reconstruction Amendments, Congress may determine the scope of the problems which the Amendments address and devise appropriate means to remedy them. Referring to another constitutional grant of legislative power, Chief Justice Marshall commented on this authority in *Gibbons* v. *Ogden*, 22 U.S. (9 Wheat.) 1 (1824):

"This power, like all others vested in Congress, is complete in itself, may be exercised to its utmost extent, and acknowledges no limitations other than are prescribed in the Constitution."

More recently, in *Jones* v. *Alfred Mayer Co.*, 392 U.S. 409 (1968), *Katzenbach* v. *Morgan*, 384 U.S. 461 (1966), *South Carolina* v. *Katzenbach*, 383 U.S. 327 (1966), the Court discussed this authority as it related to the Thirteenth, Fourteenth and Fifteenth Amendments.

In *Jones* the Court held tht Congress' authority to enforce the Thirteenth Amendment by appropriate legislation included the power to eliminate all racial barriers to the acquisition of real and personal property. Quoting the *Civil Rights Cases*, 109 U.S. 3, 20 (1883), the Court stated that the Enabling Clause of the Thirteenth Amendment enabled Congress to do much more than "abolish slavery and establish universal freedom." The Court continued:

"[T]hat Clause clothed Congress with power to pass all laws necessary and proper for abolishing all badges and incidents of slavery in the United States." *Jones* at 439.

The Court also averred that Congress is empowered to rationally determine what the badges and incidents of slavery are and to enact legislation based on that determination.

In *Katzenbach* v. *Morgan*, § 4 (e) of the 1965 Voting Rights Act was challenged as unconstitutional because it prohibited the enforcement in certain cases of New York's statutory requirement for English literacy as a condition of voting. Upholding § 4 (e) the Court held that under the powers granted in the Enabling Clause of

the Fourteenth Amendment Congress could invalidate state law even where the state law had not been adjudged to violate that amendment. The Legislative power should not be confined to "particularizing the 'majestic generalities' of § 1 of the amendment," ibid., p. 649, rather, "[c]orrectly viewed, § 5 is a positive grant of legislative power authorizing Congress to exercise its discretion in determining whether and what legislation is needed to secure the guarantees of the Fourteenth Amendment." Ibid., 651.

The Court in *South Carolina* v. *Katzenbach* saw that "[a]fter enduring nearly a century of systematic resistance to the Fifteenth Amendment, Congress might well decide to shift the advantage of time and inertia from the perpetrators of the evil to the victim," and upheld provisions of the 1965 Voting Rights Act which were a "complex scheme of stringent remedies" to correct voting discrimination. The remedies included the suspension of literacy tests and similar voting qualifications, federal review of all new voting regulations, and the assignment of federal examiners. These provisions were challenged as encroachments on an area reserved to the States by the Constitution. The Court rejected South Carolina's argument that Congress' power extended only to the prohibition of violations of the Fifteenth Amendment leaving the task of specific remedies to the Courts, and declared that Congress have the chief responsibility for implementing the rights created in § 1. These cases, *Jones*, *Morgan* and *South Carolina*, reflect unsuccessful attempts by private interests and the states to limit the power of Congress to enforce the spirit of the Reconstruction Amendments.

Another apparent, but not real, hurdle for race specific legislation is the "strict scrutiny test" which is applicable to state legislation. This test, which is designed to flush out invidous discrimination by states, is not the proper standard for the review of benign racial classifications or congressional enactments enforcing the Reconstruction Amendments, as is demonstrated by recent Supreme Court cases. *Regents of the University of California* v. *Bakke* 438 U.S. 265 (1978); *United Steel Workers of America* v. *Weber* 433 U.S. 193 (1979) and *Fullilove* v. *Klutznick*, 448 U.S. 448 (1980), are three cases where the Supreme Court modified the strict scrutiny test, upheld race-conscious affirmative action, Amendments.

In *Bakke*, Justices Powell, Brennan, White, Marshall and Blackmun held that Title VI of the 1964 Civil Rights Act was consistent with the spirit of the Equal Protection Clause. They agreed that race could be considered in the university admission process without violating that clause. Justice Powell regarded the use of race or ethnic background in the admissions process as suspect and rejected three of the four purposes the program purported to serve. The three rejected purposes were reducing the historic underrepresentation of minorities in medical schools and the professions, remedying the effects of societal discrimination, and increasing the number of physicians who practice in underserved communities. The fourth purpose he accepted, namely, "obtaining the educational benefits that flow from an ethnically diverse student body." See, David E. Feller, Robert M. O'Neil, Kenneth S. Tollett and William Van Alstyne "More on the Bakke Decision." 65 *ACADEME* 49 (1972): He rejected the second purpose only because a competent legislative, administrative or judicial body had not made findings that the University of California minority admissions program would remedy effects of societal discrimination.

Although Justice Powell was unwilling to abandon the strict scrutiny test, the remaining four viewed "whites as a class" as lacking the "traditional indica of suspectedness" to invoke the strict standard. They measured the Davis program by a constitutional standard under which "racial classifications designed to further remedial purposes must serve important governmental objectives and must be substantially related to the achievement of those objectives." *Bakke* p. 359. The remaining Justices Stevens, Stewart, Burger, and Rehnquist, did not address the Equal Protection issues, basing their decision entirely upon their interpretations of Title VI.

The race conscious affirmative action plan in *Weber* provided that fifty percent of all openings in a union job training program would go to Black workers until the percentage of Black skilled craft workers at a Kaiser Aluminum plant approximated the percentage of Blacks in the local work force. The majority upheld the program. While declining to define in "detail the line of demarcation between permissible and impermissible affirmative action," the Court found that the program "falls within the area of discretion left by Title VII to the private sector voluntarily to adopt affirmative action plans designed to eliminate conspicuous racial imbalance in traditionally segregated job categories." *Weber*, p. 209.

Relying on *Morgan* v. Katzenbach, 334 U.S. 641 (1966), Chief Justice Burger in *Fullilove* v. *Klutznick*, 448 U.S. 448 (1980), rejected the strict scrutiny test and upheld a minority business set aside provision of the Public Works Employment Act

of 1977, based, *inter alia*, on Congress' broad powers under the enforcement clause of the Fourteenth Amendment. This is the appropriate standard of review for a race-specific Title III.

Today the law is crystal clear that where appropriate adjudicative, legislative or administrative findings of racial discrimination have been made, race may be used as a factor in shaping remedies. *Regents of University of California v. Bakke*, 438 U.S. 265 (1978); *United Steelworkers of America v. Webber*, 443 U.S. 193 (1979); *Fullilove v. Klutznick*, 448 (1980). See Reid, "Assault on Affirmative Action: The Delusion of Color-Blind America," 23 *Howard Law Journal* 381 (1980); Smith, "Managing in a Multi-Racial Workforce," 40 *Federal Bar News and Journal* 163 (1981).

Congress then, has the authority, indeed, the obligation, to determine whether the condition of Blacks in America, particularly the disadvantaged and underdeveloped state of Black colleges and universities, is a badge and an incident of slavery and the result of societal discrimination and segregation. Having made that determination it is clear that the enhancement of those institutions by way of making Title III race specific would be an appropriate means of enforcing the intendments of those Amendments.

III. DISCUSSION

Since the Seventeenth Century, Blacks, placed in a caste-like system which perpetuated servere oppression, have sought to be free from the reigns of disparate treatment based upon their race and the color of their skin. They have aspired toward obtaining that due process and equal protection of the laws afforded to citizens of the United States. Due to their persistently disadvantaged position in society, the struggle for equality has been an arduous one. In fact, a supposititious equal treatment of the races would not be sufficient for Blacks, who have not been afforded the opportunities of other ethnic groups historically, to stand on equal footing with such groups in our society. See Ronald Dworkin, *Taking Rights Seriously* (1977).

Congress has been vested with the authority to enact legislation to eradicate the continuing effects of past discrimination towards Blacks through the Enabling Clause of the Fourteenth Amendment to the Constitution. That Amendment, in conjunction with the Thirteenth and Fifteenth, was designed to afford Blacks an opportunity to fare equally in our societal structure. Thus race specific legislation, when enacted by Congress, must serve governmental objectives toward the elimination of disparity of treatment and the achievement of equality of the races.

Since the Civil War and the Thirteenth Amendment abolished the institution of chattel slavery in the United States, Blacks have been the victims of the systematic efforts of individuals and state and local governments and the federal governments to excude them from full participation in the American dream, fettering their economic and social advancement. This is reflected by every indicator of social well being in the Black community today. According to the "First Annual Economic Outlook for Black America," in *Black Enterprise*, January 1984, Black America is in a state of crisis.

The estimated Gross National Product for 1983 was $3314.3 billion and Americans earned $2,198.1 billion in money income. Blacks' share of income was estimated at $160.5 billion or 7.3 percent of the total, although they constitute 12 percent of the American population. This is 39 percent short of parity. The median income for Blacks was $13,598 or 55 percent of the white median income of $24,893. The median income for Black single women who were heads of households was only $7,458, and over 40 percent of Black families fall into this category. Of the Nation's Black families 36.5 percent earn incomes below the proverty line of $9,862 for a family of four. Only 12 percent of whites are similarly situated. The Black unemployment rate for 1983 was 18.5 percent and an astounding 40 percent for Black teenagers. The overall unemployment rate for 1983 was 8.1 percent.

Blacks are badly underrepresented in the nations elective offices. Although they have increased four-or fivefold since the Voting Rights Act of 1965, they make up less than 1 percent of the Nation's elected officials.

The Historically Black Colleges and Universities which have been a wellspring of hope for Black Americans to provide a means by which they could improve their situation are also in a disadvantaged state. Professor Herbert O. Reid, Charles Hamilton Houston Distinguished Professor of Law at Howard University, has written:

"They have been menders, healers for wounded minds and restless souls. They have produced sterling talent which benefitted this Republic beyond measure of calculation—not only in material contribution, but intellectual, cultural, moral, and spiritual offerings. In a number of instances Black institutions have been more pro-

foundly representative of the American Ethic than the larger, more affluent, schools of higher education in this country. Indeed, they have been and remain today a domestic 'Marshall Plan' committed to a public offering of educational attainment." National Association for Equal Opportunity in Higher Education, *Amicus Curiae* Brief, at 17–18, *Adams* v. *Richardson*, 356 F. Supp. 92 (D.D.C. 1973) 480 F. 2d 1159 (D.C. Civ. 1973), supplemental order sub. nom., *Adams* v. *Weinberger*, 391 F. Supp. 269 (D.D.C. 1975).

The continued legitimacy of these institutions was established in *Adams* v. *Richardson*, 356 F. Supp. 92 (D.D.C.) aff'd 480 F 2d 1159. Dr. Kenneth S. Tollett, Distinguished Professor of High Education at Howard University, has written:

"The Adams Court (United States Court of Appeals for the District of Columbia Circuit), in affirming the District Court's order regarding the commencement of compliance proceedings under Title VI of the 1964 Civil Rights Act and in reponse to Professor Reid's NAFEO brief, decreed that, in the 'desegregation' or the integration process, the historically Black higher educational institutions should not bear the major burden an that their 'special problems,' as well as those of minority students, should be taken into account." K. Tolett, *Black Colleges As Instruments of Affirmative Action* at 60 (1982). See also Presidential Exec. Order No. 12232 3 C.F.R. 274 (1980) Historically Black Colleges and Universities; and Exec. Order No. 12320 3 C.F.R. 176 (1981) Historically Black Colleges and Univetsities.

Many of the Historically Black Colleges were established during Reconstruction, Over the years the charitable interest in Black Colleges has dwindled and as a result those institutions which have depended on such support have had to continue to operate with small budget and deteriorating facilities. Descriminatory funding patterns have led to the unequal status of historically Black state support institutions. The Federal Government also shares responsibility for the grossly inadequate and discriminatory funding of the Black intitutions of higher education. These funding patterns are thoroughly documented in *Small Change: A Report on Federal Support for Black Colleges* (1972). See, also, W. Blakey, "Black colleges and universitites: Desegregation, Disintegration of Equity?" 7 *ISEP Monitor* 11 (1983).

The survival and enchancement of these institutions are crucial to the survival and the future of Black America. Education is a critical tool for the improvement of Black American's condition and the Historically Black Colleges and Universities serve important and unique educational functions for Black Americans and higher education as a whole. They provide creditable models for aspiring Black youth from disadvantaged and oppressed backgrounds who need to see other Blacks manage and operate important affairs. They provide cultural and psycho-social settings which many Blacks find more congenial than those at predominantly white institutions. They contribute to the diversity of the American education system and thus expand educational Choices for all Americans. Black higher educational institutions provide specail group oriented transitional enclaves in which their students can prepare for an make the transition from underprivileged isolation to the mainstream. Lastly, they serve as a citadel of Black educational interest in the face of a declining interest in the education of Blacks at predominantly white postsecondary institutions. See Tollett, *Black Institutions of Higher Learning: Inadvertent Victims or Necessary Sacrifices?* PP. 16–19 (1981).

One may conclude that it is within the scope of the power conferred on Congress by the Reconstruction Amendments to pass legislation to raise the current social, economic, and political status of Black Americans. The proposed race specific legislation, which will further the progress of Black Americans by improving their educational opportunities, is an appropriate means for addressing one aspect of the larger problem.

Just as the condition of historically Black colleges and universities is only one of the myriad of problems facing Black Americans, it is also just one facet of the Federal Government's commitment to quality higher education for all Americans. Congress may, however, take one step at a time toward the improvement of the conditions of Blacks as a whole and the creation of a system of higher education which meets the needs of all Americans. In *Williamson* v. *Lee Optical*, 348 U.S. 483, 489 (1955) the Court addressed this issue in the following manner:

"The problem of legislative classification is a perennial one, admitting of no doctrinaire definition. Evils in the same field may be of different dimensions and proportions, requiring different remedies. Or so the legislature may think. *Tigner* v. *Texas*, 310 U.S. 141. Or the reform may take one step at a time, addressing itself to the phase of the problem which seems most acute to the legislative mind. The legislature may select one phase of one field and apply a remedy there neglecting the others. *AF of L* v. *American Sash Co.*, 335 U.S. 538. The prohibition of the Equal

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Protection Clause goes no further than the invidious discrimination. We cannot say that point has been reached here."

Nor can we say that the point has been reached here, for as the decision in *Fullilove* firmly established, race-conscious Congressional enactments may be consistent with constitutional guarantees of equal protection.

The Minority Business Enterprise provision of the Public Works Employment Act of 1977, which was upheld in *Fullilove*, is a legislative equivalent of a race specific Title III of the Higher Education Act. In both instances, the objective of Congress is to remedy the effect of past discrimination against minorities, particularly Hispanics and Blacks, including historically Black colleges and universities in the case of Title III of the Higher Education Act. The Minority Business Enterprise provision required that all grants made by the Department of Commerce for public works projects be conditioned on the local grantee's assurance that at least 10% of the amount of the grant would be spent procuring the services of minority business enterprises. A proposed Title III which will make direct grants to Historically Black Colleges should define such colleges as institutions established for Blacks before 1964—the year of the enactment of the 1964 Civil Rights Act—and whose principal missions were and are the education of Black Americans.

The MBE provision was based upon Congressional hearings concerning the problems of minority businesses and findings that "the effects of past inequities stemming from racial prejudice have not remained in the past." Chief Justice Burger further stated, "The Congress has recognized the reality that past discriminatory practices have, to some degree, adversely affected our present economic system." *Fullilove*, p. 465 (Quoting H.R. Rep. No. 94-468 at 1-2). History supports the conclusion that the burden of badges and incidents of slavery as well as societal discrimination has led to the underdeveloped condition of Historically Black colleges and universities and the limited access to higher education for Black Americans.

Where Congress, acting under the broad powers conferred by the Enabling Clauses of the Reconstruction Amendments, designs legislation intending to carry out the mandate of those Amendments to eliminate the badges and correct the incidents of slavery and remedy the effects of past discrimination, race-conscious remedies are an appropriate means of achieving these objectives. *Fullilove* v. *Klutznick*, 448 U.S. 448 (1980). Therefore, race-conscious appropriations to Historically Black Colleges and Universities would be an appropriate means for Congress to undertake the neglected task of bringing Blacks into the mainstream. Congress should reaffirm its moral and social commitment to equality of opportunity by enacting a change in the language of Title III to comport with its main original legislative intent. This will assure that these institutions, whose primary missions are to educate Blacks, will continue carrying out their critically important work for America. A national investment in institutions that have suffered from the debilitating effects of prolonged discrimination based on race merits greater attention given the growing public demand for defensible performance standards, as well as increased competition for academically advanced students. These institutions undergird the national economy and serve as partners in the economic development of this nation and the world. By investing in these colleges and universities, the nation invests in the human capital which will help build the America of the Twenty-First Century.

Dr. ROBINSON. Mr. Chairman, I would like to introduce Professor Herbert Reid on the right, who is the Charles Hamilton professor at the Howard University Law Center, and counsel of record to the National Association for Equal Opportunity in Higher Education, and on my left, Professor Kenneth Tollett, distinguished professor of higher education and director of the Institute for the Study of Educational Policy at Howard University, along with his research assistant, Ms. Gabrielle Woods.

These individuals will be available to assist me in responding to your questions after my presentation. Mr. Chairman, it is the view of the National Association for Equal Opportunity in Higher Education that the original and primary purpose of title III of the Higher Education Act of 1965 was to provide direct assistance to the Nation's historically black colleges and universities which, despite an historic pattern of neglect and under-funding have continued to bear a major share of the responsibility for the movement of

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black Americans into the mainstream, through the medium of higher education.

We can say without fear of contradiction that there would be no substantial black middle class today were it not for these institutions. There would be no substantial integration in the higher echelons of the Federal Government, the military, the judiciary, the medical profession, or higher education itself, were it not for the undergraduate and graduate programs of the Nation's historically black colleges and universities.

As we look into the future, the need for strengthening these institutions in order to strengthen the nation itself is absolutely necessary. Mr. Chairman, in 1975 it was believed that the social and political climate would not support the Congress in the adoption of race-specific language in title III legislation. Therefore, these colleges and universities were referred to euphemistically as "developing institutions." This vague and imprecise language has been subjected to interpretations, often at odds with the original intent of the legislation. The consequence has been inadequate, imbalanced, and uneven funding of these institutions compared with others.

Thus, while in 1966, 1971, and 1972 the Nation's historically black colleges and universities received fully 60 percent of the funds approved under title III. There have been other years when they received substantially less. In 1980, for example, they received only 14 percent of appropriated funds.

Mr. Chairman, we come before you today to strongly urge that a most appropriate and effective means of correcting the imbalance in appropriation of title III funds is to make the provision of this title race-specific. By this, Mr. Chairman, we mean specifying in the language of the act that funds are to be appropriated for the purpose of strengthening the Nation's historically black colleges and universities and to further their particular mission as a contribution to the Nation.

Part B of the title III of the Higher Education Amendments of 1984, drafted by Chairman Paul Simon and other members of this committee, with the assistance of experts in education and law is, in our judgment, a most appropriate and effective means of assuring the continued viability of these institutions.

Now, Mr. Chairman, the question has been raised as to whether the social, political, legal, and intellectual climate of the day is sufficiently different from 1965 as to enable the Congress to consider positively the race specific language of this proposed legislation. We believe that it is, indeed we believe that the Higher Education Act of 1965 itself, with its support for the tremendous expansion of higher education in the Nation, has helped to produce today's climate, which is much more enlightened on the question of racial progress.

Mr. Chairman, there are four basic reasons why we urge the committee and the Congress to adopt the provisions of part B of title III. First, we know that the Nation's historically black colleges and universities still offer gross neglect in the support of higher education from all sources, as compared with the Nation's predominantly white colleges and universities. This is especially damaging when it applies to Federal support for higher education. So, the need for remedy is critical.

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Second, Mr. Chairman, we believe that the primary purpose of the reconstruction amendments to the U.S. Constitution was to provide constitutional protection to black Americans who had, as a people, been humiliated by the imposition of the slave system, who for a long period of time had the active sanction and support of the Federal Government. Thus, these amendments and especially the equal protection clause were not designed to be color blind. Instead, they were designed to be color conscious.

We hold these amendments were not designated as needed to protect white men from the ravages of slavery, but black people. It was not white men who were subjected to widespread lynching and flogging, but black people. It was not white men who were denied the right to contract or acquire property or to testify in court, but black people, black men, women, and children, the race of people previously enslaved, were the intended beneficiaries of the 13th, 14th, and 15th amendments to the Constitution of the United States.

This suggests for us that these measures were color conscious and not color blind. They were designed and needed to protect black people.

Third, we believe that the Congress has ample power to rembrace the race-specific provision of the draft legislation before you. Indeed, we believe that the power of Congress to enforce the reconstruction amendments is as broad as under the necessary and proper clause of article I, section B.

In case after case the Supreme Court has held that race-specific remedies are appropriate when enacted to enforce the 13th, 14th, and 15th amendments, particularly when the remedies are consistent with the meaning and spirit of the Constitution.

And finally, we urge you to support part B, title III, because we believe that it offers a legitimate, constitutional, and effective means of correcting the past and continuing failures of the Federal, State, and local governments to eliminate the barriers and unequal protection of the laws to which black citizens and their institutions are subjected.

We thank you, Mr. Chairman and members of the subcommittee for your attention. Our counsels would be pleased to respond to any of your questions and I ask, sir that the presentation specifically and the accompanying legal document be made a part of the record.

Mr. Chairman, I'm real pleased to see my Congressman from the Fourth District of North Carolina here. Congressman Ike Andrews, I appreciate your presence, sir. We appreciate your serving the people of the Fourth Congressional District of North Carolina.

Mr. Andrews. Thank you, Dr. Robinson.

Dr. Robinson. Thank you, sir.

Mr. Penny. We appreciate your testimony and the documents you referred to will be made a part of the committee record.

Mr. Penny. Mr. Andrews, do you have any questions of the witnesses?

Mr. Andrews. No, I believe not. Again, I apologize for missing part of it. And I'll have to miss another. I'm trying to carry on two things at once. But I am pleased that I got here for at least the latter part of it. I got your full statements, though.

I might just ask this: I don't know, very candidly; just what does the proposal you recommend do? I'm sorry, I don't know.

Dr. ROBINSON. I'm glad you asked that question, Congressman, because I have two very distinguished attorneys here, constitutional lawyers, who can speak specifically to your question.

We are concerned about race-specific language and we believe we have built and can continue to build a good case for race-specific language as applies to part B of title III of the Higher Education Act of 1965, or what part B will do. It provides for special needs.

Mr. ANDREWS. Oh, I know that, but what changes in part B? What changes are you specifically proposing?

Dr. ROBINSON. All right. I'd like for one of my legal counselors to respond to that.

Mr. REID. A counsel never foregoes an opportunity to respond, if you will permit it, sir. Part B of the Higher Education Act of 1985 would set aside $150 million for historically black institutions, and it would go up $10 million a year so that in 1990 there would be set aside or earmarked for these great institutions $200 million.

Mr. ANDREWS. And that's not additional money? You are just speaking of set-asides of existing appropriated funds, and that to be in the future. But that's not an addition?

Mr. REID. Well, I suppose it could be additional as it would be necessary to increase the appropriations to have sufficient funds to hold harmless the other institutions in titles A, C, and D. A is your developing institutions, your institutional grant section. And you have a challenge grant section and the Hispanic set-aside section. So, a total appropriation wouldn't necessarily have to be larger than what it is now in order to adequately cover the historically black institutions.

Mr. ANDREWS. You just said that it would, at least if present law were followed and this would be made an addition to it, it would be new money.

Mr. REID. Yes, that's what I was saying.

Mr. ANDREWS. It's not a huge amount of money, quite candidly. Of course, that term is always relative. But nevertheless——

Dr. ROBINSON. In my hometown of Wilson, NC, it would be considered a lot of money.

Mr. ANDREWS. Yes, yes, yes. It would be a lot of money to me, obviously. But in the totality of the higher education budget it's not really a whole lot.

Dr. ROBINSON. Mr. Chairman, the point that I think we would really like to make here is that these—this particular universe of institutions represent a compelling interest of the country and in a like manner, for example, if we have large research-oriented universities, I have no problem with that, Harvard, Yale, and Columbia. I think they serve a real purpose. And if the research moneys were withdrawn from those major, those universities, which are very fine universities, they would be in serious difficulty.

Now, in the same sense, this particular universe of institutions serves a similar purpose but in a different way because they are reaching out to that underclass, that under-represented group of people, that $150 million, and in our judgment it is a very modest, it is the very minimal amount of money to spend on a universe of people who for 300 years have been neglected for reasons you and I

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both understand. So, when you look at the Harvards and the Yales, and I don't say this in any demeaning way, when you look at them, what they do, which is great, and look at this particular universe of institutions for what they do, I would say that what they do is equal in the compelling interest of this country, really.

Mr. ANDREWS. Yes, I think you have a lot of merit.

Dr. FORT. Mr. Andrews, may I give one example of the points that Dr. Robinson has just spoken to so eloquently?

Mr. ANDREWS. Yes.

Dr. FORT. Less than 2 months ago five men traversed the heavens 200 miles up. One of those astronauts was black. It just happens that this young man, Dr. Ron McNair, graduated from my institution, North Carolina A&T State University, in 1971. He came from Lead City, SC, which is a rural, isolated, area in the northern part of that State. He came to that university and in 4 years graduated with honors with a baccalaureate degree in physics. Five years later he had a Ph.D. from M.I.T. and competed with 11,000 other young men and women nationally and became one of 33 selected. That's what black universities can do for this country.

Mr. ANDREWS. Yes, I read about your being back on the A&T campus recently and certainly your celebratory response to his accomplishments were entirely worthy.

Dr. Robinson, I don't know—obviously this is your field and not mine. You do speak eloquently on behalf of that. And yet I would assume, if such moneys are to serve the general purpose, as you well stated it, that yours and Dr. Fort's institutions would not participate in it anywhere nearly to the extent that some of the other predominantly black institutions would. An example is Shaw, right there, right near you. Aren't your present financial capacities—well, maybe I shouldn't ask that. No, I guess I will not.

Dr. FORT. No, please. I will be glad to speak to it.

Mr. ANDREWS. Well, as I understand it, and not knowing any of the exact figures, there are predominantly black institutions that are far less able, financially, to perform their mission than others, and I believe that the two from North Carolina represented among the group that is here would be among those that are financially better off, considerably, than are many of the others. For instance, I don't know about Kentucky but I would assume maybe it may not be as well off. A $48 million budget, with 6,000 students, divide 6,000 into 48 and per pupil expenditures there are, relatively high.

Dr. FORT. Mr. Andrews, I think that the important thing for us to emphasize at this juncture, and my colleague, Dr. Robinson, will want to embellish this, is that it's not our role to attempt to institutionalize a dichotomy between institution A and institution B, C, D, or E. The fact of the matter is there is a range interinstitutionally with regard to numbers of kids that are on financial aid, that might run from 70 percent to 95 percent.

But the figure that most often appears is that of around 80 percent, which is the one that I use, as directly applicable to North Carolina A&T. If you took away the Federal resources that are associated with institution-specific funding at A&T, we would lose at least a quarter of our enrollment. We know that.

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As a matter of fact, 25 percent of our kids come from out of State. That's the highest percentage in the State of North Carolina. The second institution is Chapel Hill, the flagship campus.

Mr. ANDREWS. Duke is highest, isn't it?

Dr. FORT. Pardon?

Mr. ANDREWS. Duke is highest, isn't it?

Dr. FORT. I'm talking about public institutions. Public.

Mr. ANDREWS. Yes.

Dr. FORT. The other thing, if we have a disproportionately large number of students who come from out of State, and this is the case for significant numbers of black institutions nationally, then the areas from which they come, from whence they come geographically, represent the tired, the huddled masses from rural, isolated areas, as well as those which are urban impacted, and hence we've got to have the dollars necessary to ensure the promulgation of access and, ultimately, graduation.

We stand on 80 percent.

Mr. REID. Congressman, I'd like to elaborate on that, this matter of expenditure. I believe that calculation you were giving was something like $6,000 or $7,000 per pupil. It costs around $12,000 or $15,000 to keep someone in jail or a penitentiary. And what's so extremely important about this initiative is that the budget has been put into a position so that it is unlikely, in the near future, that there would be an expansion of social and other programs that have done so much in the sixties and part of the seventies, to bring some people from isolation to mainstream and to reduce the level of poverty in this country from some 30 percent, that is, the percentage of people in this, down to 12.

Right now we have, in the ghettoes, on the farms, in areas across this country, an unemployment rate among black youth of around 46 or 47 percent.

Mr. ANDREWS. I'm aware of that.

Mr. REID. And if you look at the penitentiaries, 18 to 24, from 40 to 45 percent of the inmates are black males. One would speculate whether there might not be a correlation between that high percentage of unemployment in that age cohort and the percentage now.

Mr. ANDREWS. I would accept that.

Mr. REID. The question is do we want to spend $5,000 or $6,000 to put a McNair in orbit, and who makes a major and most important contribution to this society, or do we want to spemd two or three times that much to put a black youth in jail who costs the society really even more than just the $12,000 or $15,000?

And what is so important about this is that if these institutions get an infusion of funds so that they can become more attractive and serve the students better, and become beacons of hope, so that the alienated, desocialized, and in some instances, dehumanized black youth in this country, who now in many instances do not see hope, we can turn them around and make them productive citizens and it will cost the Nation much less than this really modest, as President Prezell Robinson has stated, investment in these institutions.

Indeed, you will get such a tremendous return on a small amount of money that it will have a ripple effect and implications

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for improving and moving blacks forward in society than almost any other investment of this nature.

Mr. Congressman Andrews, these universities, with very inadequate resources, have done so well with so little, and they need much more assistance to do an even better job, and this legislation being race-specific is doing something else also. It is relegitimizing the importance of black higher education in this country. It will say to the country, it will say to the black youth, the Federal Government cares about these institutions, and although it is making a modest investment, it is saying that we do want to help raise the aspirations and hopes of the black youth, and whites, because most of these institutions have white youth also, but they have a special mission of dealing with black youth, that there is some hope that you do not have to go to crime, that they will have an opportunity to see a President Robinson or President Fort as a role model rather than a pimp or a dope pusher on the corner in the ghetto.

And $150 million is not much of an investment to deal with that.

Mr. ANDREWS. Well, I'm pleased that you said all of that, not that you needed to convince me. I agree with you. You have just told me some things so that I can better enunciate the things which I too support. And I will do anything that I can to support this, and I think it is, as you say, a modicum amount compared to the needs that we have.

I mentioned earlier that we have, in the subcommittee that I chair, several of these youth programs, the Head Start Program, the Runaway Youth, the Juvenile Justice Delinquency Prevention Program, which deals with juvenile offenders, many of them status defenders, as we call them, and others, and we're trying to, in a sense, accomplish some of the same things ourselves. We are trying to keep those kids out of adult jails. That's one of the principal purposes of that act. We provide some moneys to States if they will agree to construct and maintain facilities for these kids other than putting them in adult jails, keeping them out of the area—there is a correlation. There's no question about that. It's not only black, although it's more prevalent with the black. I get the figures of the runaways and the dropouts and the delinquents and so forth, and it too is higher for the black. It's also very high for the poor, of whatever race. It relates to the poverty in the home, the runaways do. There's no question about it and study after study verifies that. Poverty and ignorance among parents breeds all kinds of difficulty for the children who grow up in that environment. It relates right on up to the institutions of higher education as well, of course, and life in its totality.

So, we are trying as a society, as a Congress, as a country, to approach those problems with many, many kinds of programs, of which this would be another major step in the direction we're all trying to go. I'm very supportive of the Head Start Program. It's trying to reach some of the problems with preschool children, as you know, to get them into the first grade with an opportunity to not only compete academically, but to live socially and so forth with their contemporaries from other parts of the cities or towns and counties they come from. And this would just be a step at another level to give some particularly earmarked assistance to the same group, basically the same group.

Thank you again, Mr. Chairman.

Mr. PENNY. Thank you, Congressman Andrews, for those questions and for your insight on this issue. I want to tag onto that by referring back to testimony we heard earlier today, that though blacks constitute 12 percent of the population as a whole on our campuses they represent about 8 percent of the population. It seems to me that what we're talking about here is one way we can be more helpful in promoting education for blacks and other minorities.

But part of our problem does stem back into the elementary and secondary level, and those are some of the things that Congressman Andrews has referred to.

And I know as leaders of these black institutions you probably have some feelings about what more we can do, particularly at the secondary level, to see to it that the students complete high school, because if they don't complete high school, they're part of the constituency that you would appeal to, as a black institution, and therefore draw them into higher education. If we have only, let's say, 75 percent of blacks completing high school, you've got a smaller pool of graduates to draw from, and somehow we've got to do a better job of seeing to it that those percentages are up there where they ought to be, or we'll never find that the percentage of black students in our colleges and universities parallels the percentage of blacks in our society as a whole.

If they don't graduate from high school in comparable percentages they're not going to be represented on our college campuses in the proper percentages.

Any opinions in terms of what we do to get them through that high school level and on a track for higher education?

Dr. AYERS. I think we all are sensitive to the fact that the problems that we are confronted with in terms of preparing many of our black youth not only resides in the environment but in the secondary schools. And I think you will find among many of our black and historically black institutions not only a commitment to look at this issue but many of them are involved in all kinds of programs to work jointly with secondary schools to try to better prepare these individuals so that they will come into it.

I think, as Chancellor Ford and others have said this afternoon, we've got to have role models, and the way that we create those is to have the resources that are needed at the university level so that we can better prepare the students we have, who can go out there and make the kinds of contributions that need to be made.

At the same time, we've got to work with the secondary schools to better prepare these young people for doing it. One of the problems I know some of us are experiencing in a predominantly black institution is there are many moves afoot to try to discourage us expanding programs we have, outreach programs, for this particular reason.

To give you a concrete example, at our institution, Chicago State University, we were told a year ago that we cannot offer any kind of developmental or remedial education program to bring students up to par so that they could become competitive within the academic setting.

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Now, that's ludicrous if you want to try to do what you're saying, and that is to bring more into the fold. If you cannot provide the kind of facilities, facilitative services, to get a person to the level they should be to compete, how else are you going to do it?

So, you have these kinds of barriers and obstacles which prevent, sometimes, universities from doing the kind of job they want to do.

I think basically in response to what you're saying, Mr. Chairman, I think we all are committed to even work at the Secretary's level to help out in that regard. Because we don't want to see many of the black youth, as you've already heard our attorney, Mr. Tollett, say, that the unemployment rate is up at 47 percent. Well, it's going to stay there unless we do something at the secondary level to discourage dropouts and discourage students taking the wrong path. And so we are concerned and we will try to help in this regard, and I just wanted to make that response to your statement.

Mr. PENNY. Thank you for that. I'm sure there are others who want to speak to that.

Dr. FORT. Congressman Penny, just one comment, to augment and to support the comments of our colleague, Dr. Ayers from Chicago State University. Two points. One, there are States now, along the southeastern border of this country and the Atlantic Ocean area that are taking surveys designed to determine the number of dollars that are used by the State universities for purposes of ensuring the adequacy of mediation programs on those campuses, so as to assist underachieving young people who graduate from high school and then are accepted to the university.

My prediction is that within the next 2 years large numbers of dollars, perhaps even millions, will be eliminated from the State-based allocations in those States. We need dollars from this $150 million pot proposed by the part B of title III to augment and to supplant those dollars that will be lost, because one very important segment of that title III part B proposal is associated with the issue of underrepresentation, nonrepresentation, and academic support services acumen for young people who are underachievers.

The second and last observation: You might want to get a copy of Bernard Watson's "In Spite of the System," written about a decade ago. Watson is presently the president of a foundation in the Philadelphia area, formerly an associate superintendant of schools in Philadelphia, PA.

Watson theorizes, and I strongly believe this, based on my own experience as a superintendant and a teacher, that, notwithstanding the plethora of problems that exist at the secondary level, particularly grades 9 through 12, there are significant numbers of models, black and white, who care about kids, and because of their presence on that high school campus make a difference, and the rest, therefore, becomes history as related to the whole question of what we do to get these young people through the pipeline.

What I'm relating to, of course, is the possibility of seeing to it that we increase the number of that kind of model on the high school campus, whether you use the merit systems or a multiplicity of options that can be funded by the States for purposes of enhancing that prospect.

The flip side of the coin, of course, is the denegration defined in "A Nation at Risk," and I would agree with their conclusions that

suggest that one of the major problems in the high schools is that associated with the smorgasbord approach to academic, quote, "preparation," unquote, for kids. We've got to eliminate the smorgasbord but at the same time we need models. And models require money and they require rewarding those that are doing the kind of job necessary to get these kids through.

Mr. PENNY. Thank you, Doctor.

Dr. ROBINSON. Yes, I'd like to comment on that too, Congressman, and I commend both of my colleagues for what they have said.

My comments will revolve around about three areas and I will be very brief in stating them. I think, Mr. Chairman, our Nation has not somehow assessed and taken advantage of the tremendous potential we have in this country, with all of its young, but more specifically, with its minority youth, and I give you a case in point. Now, there has been, in the last 4 or 5 years, a diminution, an erosion, of title I moneys to be used in our elementary and secondary schools, a tremendous reduction in those funds. And there have been clear-cut evidence. There is clear-cut evidence. There have been studies, research studies, to show that more minorities benefited, for example, from our Head Start Program than any of that category of programs that we had, and yet there has been a substantial reduction in funding for the Head Start Programs.

Now, when you look at that in terms of what that program has done, can do, it's almost ludicrous, in my judgment, to have funding, you know. If something is succeeding, if I were making a good investment, if I had some money, which I don't have, and was getting a good return on it, my goodness, I would be thinking in terms, other things being equal, of trying to put more money in the pot to get a greater return. But we haven't done that. We have just reversed that.

The second thing, in my opinion, that would have backed away from, first, is vocational education. I think we ought to put more money into vocational education. But there again there has been an erosion.

Our Upward Bound Programs, our Talent Search Programs, both programs the funding has been reduced for those programs.

I serve on the State board of education in the State of North Carolina. And I happen to know that the moneys that have been made available for nutritional programs, that those moneys have been reduced and many of our youngsters are not able to purchase a hot meal, and without the Federal dollars going into nutrition programs many of our youngsters simply are not going to perform at the levels that they should perform.

Then there is the matter of barriers. One of the barriers, Mr. Chairman, that worries me a great deal, that is the matter of possible income tax credits to parents who send their children to parochial schools. I don't have any problem with parochial schools. But for parents to receive tax credits for sending their youngsters to parochial schools, I think, in my learned judgment, that this could simply, in the end, amount to sending the public school system to the land of the dodo bird. I think it would become a situation where, in the main, those persons who could send their children to

the private schools would do so and this would be a further erosion of the public school system, if one thinks in terms of barriers.

So yes, I think there ought to be much more done at the elementary and secondary level, because it would certainly help that youngster when he or she gets into the colleges, like several of the institutions represented here at this table. We have programs of collaboration that do not cost the public schools any money. We have programs, we work with the public schoolteachers and the principals and what have you, we have youngsters from these schools coming out of the colleges trying to work with the children. But my point is that there is no substitute for having in law programs that provide funding so that these things can be done in a systematic kind of way.

Mr. PENNY. Do you want to proceed with an answer?

Mr. REID. May I?

Mr. PENNY. Certainly.

Mr. REID. Well, you know, like a dog has fleas, a professor has theories, and being a professor of higher education, which I'm supposed to know a lot about, and of course, not of elementary and secondary education, I'd like to even talk more at length about elementary and secondary education.

A witness earlier today alluded to Clark Kerr and the future of higher education, that the Carnegie Commission was concerned with. You may be interested to know that I served on that commission with Clark Kerr and we issued a report called the Chance to Learn in which we set forth the four barriers to postsecondary education. And one of those barriers is the thing that you just brought up. We said that one of the principal barriers to postsecondary education is an inadequate secondary and elementary education training. In fact, although our some 24-odd reports and 80 volumes were on various aspects of higher education, we actually conceded that the most important problem in the educational system that needed to be addressed was elementary and secondary education.

Now, I totally agree with President Robinson and his references to title I of the Elementary and Secondary Education Act of 1965.

I also would like to point out that the block grant aspect of that, as you know better than I, sir, resulted in a diminution of funds and the weakening of that program, and as you also know, sir, better than I, more recent reports have indicated clearly that the Head Start Program was effective. Unfortunately, in the early days of the implementation of these programs there were a number of reports that came out questioning the value and the adequacy of those programs, and sir, I would like to indicate that those studies remind me of a farmer who, after he plants his seed, every month or so he comes out and digs them up to look to see how they're growing, and that's what happened to the reform programs of the sixties. The researchers, people associated in the universities, were busy studying these programs before they really got a good chance, and thus a number of reports were written that undermined the Great Society and its programs.

But the studies now, after these programs have had an opportunity to operate a reasonable time, indicate that they have been overwhelmingly successful.

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Now to my theory about dealing more effectively with students in our systems. First, the teachers you have in the system are extremely important, and this is the part that would relate to this panel most. Almost every black college that was established in this country was initially established as a normal institution, at least many of them were, as you know. Many of the other universe of universities were established as normal schools. They were training teachers.

Practically all of these institutions—I can't think of one offhand that does not have a teacher preparation program and serve—by the way, our institute will be issuing a report on teacher preparation shortly, that I think would interest you. But the point I'm going to get to is the way teachers are trained will play a major part, a major role, in education. And it ties in with this very much because a critical thing in the education and learning process is a model but also someone that is sensitive to the needs and aspirations of students. And that gets me to the four requirements of effective teaching and instruction in our elementary and secondary schools.

The first requirement is, for an effective teacher, is that a teacher must have unconditional respect for the dignity and integrity of the student. Second, a teacher, an administrator, and indeed, the system, hopefully, should believe that students are educable.

Now, I mention those two things first and they are top in priority. There's a greater probability that a black teacher or a person socialized and developing the sensitivity and so on that comes from our historically black colleges, will respect the dignity and integrity of the students. And who will believe that they're educable. As you know, the Pygmalion effect, the studies of Rosenthal, have established that the expectations of a teacher is correlated with the success of the student. And studies have shown that if the teacher does not believe the student can learn, the student, in fact, will not learn, although the student may have an extraordinarily high IQ. That is the reason why it is so important that these black colleges and universities continue to produce a critical mass, a substantial number, of black teachers.

Mr. PENNY. Thank you all.

[Whereupon, at 4:27 p.m., April 3, 1984, the subcommittee was recessed, subject to the call of the Chair.]

[Material submitted for inclusion in the record follows:]

PREPARED STATEMENT OF DR. NORMAN C. FRANCIS, PRESIDENT, XAVIER UNIVERSITY, NEW ORLEANS, LA, AND ON BEHALF OF THE UNITED NEGRO COLLEGE FUND

Mr. Chairman, as president of Xavier University and on behalf of the United Negro College Fund, I am pleased to submit this statement on H.R. 5240, reauthorizing the Higher Education Act and the FY 85 budget. (Recommendations on the FY 85 Budget are enclosed under separate cover).

Mr. Chairman, Xavier University is a small urban university, located in the heart of New Orleans. Xavier University is the only American university operated under the auspices of the Catholic Church which has a predominantly black student population. Almost half of the University's students, however, are non-Catholic and 10 percent are white. The United Negro College Fund is a consortium of 42 colleges and universities. All are private, historically and predominantly black, and are fully accredited. The colleges and universities educate nearly 45,000 students yearly. Two of the member colleges offer graduate programs exclusively.

The 42 UNCF member colleges and universities have a special significance because of their traditional and continuing role in educating black and low-income students for productive and creative participation in American life. For over one hundred years the black colleges have provided education otherwise unavailable to black American. Much of the black leadership in America today is by the alumni of the black institution.

Mr. Chairman, Xavier University and the United Negro College Fund support H.R. 5240 and its particular emphasis on federal assistance for the historically black colleges and universities. It is clear to us that the Congress does have the authority to enact specific legislation to aid these institutions. The intent of this emphasis [The Black College and University Act—Part B of Title III] is to remedy the continuing effects of past racial discrimination in the distribution of federal funds to institutions of higher education.

Past racial discrimination in the allocation of governmental assistance to black colleges and universities have had a profound negative impact on the institutions and the students they serve. Because these institutions have not received an equitable share of Federal and State resources; their academic development, their physical plants, and their endowments are—in the main—less than those of their white counterparts. This fact, in turn, has hindered their efforts to attract greater numbers of white students and has reinforced their racial identifiability. At the same time, the limited development of black colleges and universities has perpetuated the denial of educational opportunities to black students in areas such as international studies, science, medicine, engineering, foreign languages, and law. It has been noted in the Condition of Education that black students lag behind in graduate enrollment (6%), professional school enrollment, (4.5%) and doctorate degrees (3.5%).

Prior to 1954, black postsecondary institutions were the only institutions providing educational opportunities to Black Americans. Although *de jure* segregation of colleges has been banned, a majority of Black Americans continue to depend upon these institutions for higher educational opportunities. In the case of most black students, this dependence is the result of racial discrimination—sometimes historical, often contemporary.

The effect of the proposed special federal aid to the black colleges would be to enhance the scope and equality of their educational offerings. This effect would advance the national goal of equal opportunity in two respects. First, it would provide opportunities for thousands of black students, many of whom have been educationally disadvantaged by the public schools [pre and post Brown]. Such an expansion of educational opportunity is vital if blacks are to be equitably represented in all sectors of American workforce and are to participate fully in the economic, political, and cultural life of the nation. Second, the legislation would promote racial integration in the higher education system by increasing academic attractiveness of the institutions to white students.

The fact that black colleges and universities are open to all students regardless of race distinguishes the legislation from the programs reviewed by the U.S. Supreme Court in *Bakke* and *Fullilove*.

While the legislation relies on an historical racial identification to fulfill the specific remedial objectives, the benefits of the legislation are not restricted to students of any one race. This fact alone should be sufficient to dispel any suspicion regarding the constitutionality of the legislation.

Enactment of legislation to assist in the maintenance and improvement of the historically black colleges and universities, would simultaneously expand the educational opportunities available to countless black students. This would facilitate the integration of racially identifiable institutions of higher education. In sum, the effects of my legislation to assist historically black colleges and universities are not only constitutional; in a broader sense they are constitutionally mandated.

Mr. Chairman, the financial relationship between the Federal government and higher education has been enormous and historic. The Northwest Ordinance, the Morrill and Land Grant Acts, and the Higher Education Act demonstrate that the Federal government has been an important benefactor to colleges and universities. Federal discretionary funding in research and development grants to colleges and universities have enabled them to provide better and more active instruction.

The National Science Foundation reports that from 1973 to 1980, Federal funds for research and development accounted for one-half of all Federal funding to higher education institutions. Between 1973 and 1980, Federal support for the conduct of R&D activities was increasing relative to the total Federal funding at all institutions [48.7% in 1973 to 49.9% in 1980]. However, that relative share slightly declined at black colleges and universities [8.7% in 1973 to 8.3% in 1980]. Through-

out the period Federal support of R & D activities at black colleges comprised only one percent of the total to all of higher education institutions.

The National Science Foundation also reports that trend in Federal funding to black colleges and universities differ significantly from trends at other higher educational institutions. While the Federal funding to the other higher educational institutions increased mainly in terms of academic science and R & D activities, black colleges have continued to rely on Federal support in the form of student assistance. Because of the heavy reliance on student assistance programs, Federal funding patterns at black colleges and universities reflect greater volatility than patterns at higher educational institutions in general.

Unlike other institutions, black colleges do not have the enormous endowments to support their programs. The 1983 Annual Statistical Report of the United Negro College Fund states that the faculty salaries at UNCF member institutions trail the national average by 25%. The total cost of attending a UNCF member institution during 1982-83 rose 11% compared to an 8% rise at private colleges nationally. The average expected family contribution of a student attending a UNCF college is $870.00 compared to the national $2,320. Nearly 90% of all students attending UNCF member colleges received some form of financial assistance during 1981-1982.

Mr. Chairman, while UNCF supports Federal funding to black colleges, it is our view that there should be a certain definition of a black college. UNCF believes the definition of a historically black college should be one that was founded primarily for Black Americans. Although their charters were in most instances not exclusive, these HBCs are seen or identified with service for Black Americans for at least two decades. Most of the HBC's are fifty to over one hundred years old.

We also recommend that language be included to permit black colleges and universites to engage in institutional development activities. The Black private colleges do not receive state subsidies, as the public colleges do and their tuitions are slightly higher than the public colleges. Because of this factor, it is the private black colleges that need support to increase their abilities to raise funds from the private sector.

Xavier University and the United Negro College Fund strongly support an increased and continued Federal commitment to access and choice for higher education participation by all students. The Higher Education Act, with the various programs authorized, has the mechanism by which many of the nation's goals in education became harmonious with the principle of self-improvement.

We encourage the Congress and the Administration to retarget federal resources in Title III to its original purpose, to expand access for needy undergraduate and graduate students, and to simplify student and institutional assistance programs. Special emphasis should be placed on the HBCUs and other institutions serving a predominance of Black, minority, low-income and disadvantaged students. In addition, other critical needs of HBCUs are funds for improved research facilities, construction and renovation grants, and new endowment building mechanisms. Finally, in order to sharpen and more clearly define the targeted population of recipients, "race" should be identified and set asides should be utilized to implement the Federal commitment.

ADDENDUM

FUNDING RECOMMENDATIONS FOR HIGHER EDUCATION PROGRAMS, FISCAL YEAR 1985

The two most viable federal programs currently in the Higher Education Act for the UnCF institutions are Student Financial Assistance (Title IV), and Institutional Aid (Title III). The UNCF recommends the following funding of these two programs and other programs of significance to the Black community for FY '85 funding:

Student Aid (title IV):	
Pell Grant (billion)	$3.600
SEOG (million)	475
CWS (million)	850
NDSL (million)	286
SSIG (million)	100
GSL (billion)	2.86
Institutional Aid (title III) (dollars in millions):	
Part A—The Strengthening Program	$75
Part B—The Special Needs Program	75

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Part C—The Challenge Grant Program	50
TRIO (million)	200

Graduate Program (Title IX) (dollars in millions):

Graduate Professional Opportunities Program (GPOP)	$12
Public Services	4.5
Law School Clinic	2
Legal Assistance (CLEO)	3

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University of Massachusetts at Boston

Position Regarding Reauthorization of

THE HIGHER EDUCATION ACT OF 1965

Subcommittee on Postsecondary Education

(Committee on Education and Labor, U.S. House of Representatives)

The University of Massachusetts at Boston strongly endorses and supports the reauthorization of the Higher Education Act of 1965. The importance of the support proposed for higher education cannot be overstated.

Chancellor Robert A. Corrigan will testify before the Subcommittee on Postsecondary Education concerning the importance of the Urban Grant provisions of Title XI. As the only public, four-year institution in metropolitan Boston and the only truly urban University campus in all New England, the University of Massachusetts at Boston is particularly committed to provide public service and basic and applied research on issues of specific concern to the urban environment. This position paper provides in addition the University's stance on the importance of the other Titles of the Act.

Title I. Continuing Postsecondary Education Program and Planning

The four components of this proposed program are designed to reach significant non-traditional student pools. Of particular interest and urgency to the University of Massachusetts at Boston is the proposed effort in Literacy Training (Part B).

Representative Simon has identified a serious illiteracy problem throughout the country. Metropolitan Boston definitely shares in that problem. It is estimated, in fact, that there are approximately 100,000 adults in the Boston metropolitan area who cannot read or write well enough even to apply for a job. Last year, UMass/Boston joined with Roxbury Community College, received support from Boston's Neighborhood Development Agency and created an Adult Literacy Resource Institute. Through this Institute, we are providing technical assistance to neighborhood groups who wish to deliver adult basic education services to their neighboring clients. We provide staff development for their teachers and tutors and are creating new teaching materials. UMass/Boston can give leadership to this critical effort. We have faculty who are experts in areas related to basic education, the teaching of English as a Second Language and curriculum development. With additional support, we could release these people from a portion of their regular responsibilities to apply their much-needed skills in the community and to train others in the urban communities to carry on these important activities on a continuing basis.

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Title II. Strengthening Library Resources.

A University can only be as good as its library and related learning resources. The University of Massachusetts at Boston welcomes the support to be offered to the development of first-rate libraries by Title II. The emphasis on technological training for library personnel called for in Part B is especially desirable. A parallel emphasis within Part C, allowing for the acquisition of library automation facilities, would be a beneficial addition. Computer-based library automation, as through the O.C.L.C. system, offers increased ease of access and powerful bibliographic capabilities, as well as enhancing all procedural systems and the cost-effectiveness of operations. These capabilities are increased when consortia of libraries share the system. It would be of significant benefit to higher education for the Act to provide grants to establish systems of library automation, particularly cooperative arrangements among multiple institutions.

Title III. Institutional Aid

The University of Massachusetts at Boston, as the recipient of a Title III strengthening Grant, speaks from experience of the value of these programs. The University's grant provided the means to achieve substantial progress in the teaching of basic skills, in improvement of career services, in developing programs of technical instruction, in strengthening interdisciplinary core curriculum, in promoting understanding of teaching styles and effctiveness, and in providing computer literacy and software development opportunities for faculty. All of these activities, which are having far reaching positive effects on the campus, would have been impossible without Title III funding.

Representative Simon's proposals would bring improved administrative efficiency to the Title III programs while restoring many of the original intents of this part of the Higher Education Act. The University of Massachusetts at Boston strongly supports the proposed reauthorization of Title III.

ERIC

Title IV. Student Financial Assistance

No part of the Higher Education Act has had a more profound effect on ensuring equal access to quality higher education than Title IV. As the several programs have developed, however, overlap, inconsistency in standards, and complexity have marred their effectiveness. Representative Simon's proposed reauthorization would eliminate the defects of Title IV. His is one of the most carefully thought out and far-sighted proposals put forward thus far. It incorporates many ideas and ideals concerning funding for higher education while maintaining the basic commitment to access and choice for students who otherwise would be relegated to the lower rungs of American society. The University of Massachusetts at Boston is particularly supportive of the following proposed revisions.

Pell Grant Program

The current Pell Grant half-cost provision is a severe burden to students attending non-resident urban universities, such as the University of Massachusetts at Boston. Since all of our students are commuters, room and board allowances are kept statutorily low ($1100). This means that the maximum Pell Grant cost of education budget for our students is $2,841, resulting in a maximum award of $1,413. This is inadequate in the urban setting of Boston. Replacing the half-cost provision with a 75% cost feature and allowing institutions to establish a more realistic student budget will mean increased funding for needy students. Low income and disadvantaged students will particularly benefit from these proposed changes.

The proposal to guarantee full funding to eligible students ("entitlement"), rather than funding dependent on federal authorizations, would facilitate the completion of academic programs by Pell Grant recipients. Also, it would permit better planning and packaging alternatives at the campus level.

The proposed provision to allow students who complete undergraduate programs with four years of Pell eligibility to use the fifth year of eligibility for graduate work has dual benefit. First, it will encourage student to make continuous progress toward their degrees, without unnecessary delays. Second, it offers the possibility of graduate level training for talented individuals who might otherwise be denied that opportunity.

The proposal for redefining independent and dependent students is reasonable. Students will no longer become arbitrarily independent and shift the family responsibility to the tax payer. At the same time, safeguards are offered to protect the truly independent.

College Work-Study Programs

The continuation of the Work Study Program is essential and in the best American tradition. Representative Simon's proposals for revising this program are reasonable. Basing the federal allocation formulae on the number of students in attendance rather than the number in residence is more realistic. However, if this provision is enacted, the 90% "hold-harmless" formula must also be retained to guarantee no dramatic reduction in program funding for any institution.

Block Grant Programs

The combination of Supplemental Education Opportunity Grants (SEOG), National Direct Student Loans (NDSL), and the State Student Incentive Grants (SSIG) programs into the proposed Block Grant Program is commendably sensible. It will allow more flexibility at the campus level, eliminate much needless bureaucracy, and make the application process simpler for both students and institutions. A 90% hold-harmless provision should allay any fears of dramatically reduced funding.

Guaranteed Student Loans

Representative Simon's proposal for the GSL Program incorporates the safeguards necessary to maintain the integrity of this program while guaranteeing fund availability for needy students. The 5% origination fee should be retained in the legislation against the event that Treasury bill rates again approach 15-17%. If this fee were retained, there would be no need for special legislation if interest rates rise suddenly. The reduction by one-half of one percent of the special allowance paid to lenders will, no doubt, receive opposition from the banking community. However, GSL's will still be an attractive and profitable item for lenders. Thus, lender participation is unlikely to decline significantly.

The proposed increase in maximum loans and maximum loan limits is a common-sense reflection of the fact that educational costs are rising. Therefore, these proposed increases reflect the additional need of students. By the same token, flexible loan repayment plans must be instituted to guarantee fewer defaults in the GSL Program. The Student Loan Marketing Association (Sallie Mae) should be reauthorized, along with other similar agencies, as an aid to lowering the default rate and providing secondary markets for student loans.

Title V. Teacher Preparation

Representative Simon's proposals for reauthorization amount to a rehabilitation of Title V. The proposals are very constructive and consistent with current efforts to reform public education at the elementary and secondary levels. While allowing for assessment of teacher preparation programs in schools of education as one method of improving the quality of teachers, it recognizes an even more important need — the need to attract the best and brightest students to teaching through merit-based scholarships. Furthermore, it is encouraging to see the recognition of the importance of continued professional development of current teachers, particularly in mathematics, sciences, English and foreign languages. Likewise, the proposal to establish Fellowships for Talented Teachers deserves praise as an approach to retraining excellent teachers in a way that is likely to be more effective than locally generated merit pay raises.

The University of Massachusetts at Boston, as an urban university with a commitment to serve the community in which it resides, is specially supportive to Representative Simon's proposals to strengthen school-college partnerships. The critical state of public education, particularly in urban environments, demands the concerted efforts of universities and the schools to work for improvement. The University of Massachusetts at Boston, primarily through its Institute for Learning and Teaching, has undertaken many projects with the Boston Public Schools to achieve this goal. One thing that these experiences teach is that the University must serve as a cooperative partner, not a mentor or even competitor for bright students. By emphasizing cooperative arrangements, Representative Simon's proposal recognizes the approach most likely to produce positive results.

Title VI. International Education

Representative Simon should be commended for recognizing the critical need to foster better education in foreign languages and cultural studies. Beyond the interests of the institutions of higher education and their students, he has correctly identified these areas as strategically important to the broadest interests of the United States of America. While issues of nuclear disarmament and national budget deficits gain wide attention in the press, neglect of this area is more likely to have a profoundly negative and immediate effect on the well-being of the country. International decisions made in ignorance are dangerous. Yet, as Representative Simon's draft points out in citing the recent Angolan crisis, this is too often the way in which action is being taken.

This is an odd state of affairs for a nation composed of immigrants. The vigor with which we have applied the melting pot to our culturally diverse and polyglot population has created a xenophobic provincialism that is scarcely matched among Western nations. It is an absurd attitude for the residents of a global community. Representative Simon's proposals, in particular the National Endowment for International Education, could have a significant impact in reversing this tendency. It is regrettable that the impact in reversing this tendency. It is regrettable that the dominant political attitude, as reflected in past and current funding for all of Title VI, encourages the status quo. A more far-sighted approach is needed. Representative Simon has provided it.

ERIC

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Title VII. Construction, Reconstruction, and Renovation of Academic Facilities

Representative Simon's concern for the state of equipment and facilities for basic science and engineering research and teaching is well founded. Academic laboratories play a vital role in the research and development sequence by carrying out fundamental (so-called "pure") research which provides the starting point for technological development. Industrial laboratories, committed as they must be to realizing marketable products within a short development time, are rarely in a position to engage in the kinds of research by which new principles are discovered. In contrast, fundamental research proceeds from the known toward the unforeseeable. This is a high risk enterprise with little promise of a quick "payback." Yet, the next generation of products will be developed from principles not now known.

Some might suggest that cooperative ventures between industrial and academic research laboratories could mitigate the need for federal support. Occasionally such arrangements can be profitable to both parties. However, the very different research goals do not provide the basis for a consistently symbiotic relationship. By contrast, fundamental research is ultimately in the best interest of the society at large, and it is an appropriate function of government to support it.

Academic research does receive governmental support from a variety of grant programs, such as those of NSF and NIH. However, the proposed revisions of Title VII would go beyond providing equipment dedicated to individual research projects and might begin to attack the national decline in scientific manpower preparation. The speed of technological development has made most equipment found in academic laboratories hopelessly antiquated when compared with industry standards. This affects the quality of student training and by extension the national technical capability. While support of present research is essential, developing well prepared scientific minds secures a far more important national resource. The proposed revisions of Title VII would help provide modern equipment for training scientists and engineers who will soon enter the mainstreams of industrial and academic research and development.

Title VIII. Cooperative Education

The cooperative model of education provides an important option to students. It is especially apposite perhaps, within an urban environment and for the non-traditional students whom an urban University serves in large numbers. The University of Massachusetts at Boston applauds the modified directions proposed in the reauthorization act for Title VIII, by which small programs would be encouraged to build more substantial and comprehensive programs.

ERIC

Title IX. Graduate Programs

The record of support for graduate education through funds provided for Title IX does not foster the ideal of a nation committed to excellence. Part A has not been funded since 1981; Part B provides inadequate stipends ($4,500); Part C has never been funded; and Parts D and E currently receive severely reduced funding. In short, good programs have not received the necessary monetary support to be effective. The need to encourage the best minds to seek the highest levels of education should be obvious. Evidently it is not. Representative Simon's proposals for Title IX are modest, seeking only to support the original purpose through adequate funding. Clearly, these programs should be supported as being in the best interests of the country.

The critical state of graduate education in America today and the case for public support of it are well presented in a recent editorial by John Brademas, President of New York University, which appeared in the 2 March 1984 issues of Science, the journal of the American Associatin for the Advancement of Science. A copy of his statement is included in this testimony as Appendix I. While the emphasis of Dr. Brademas' editorial is the plight of post-baccalaureate training in the sciences and engineering, it is clear that all areas of graduate education are experiencing erosion, as indicated in the report of the joint National Commission on Student Financial Assistance. The University of Massachusetts at Boston concurs with these statements of concern and looks to Representative Simon's proposed reauthorization of Title IX as a necessary first step in the revitalization of graduate education.

Title X Fund for the Improvement of Postsecondary Education (FIPSE) and the Minority Institutions Science Program (MISIP)

The University of Massachusetts endorses the provisions of this title as proposed.

Title XI. Urban Grant University Programs

Documents supporting Chancellor Corrigan's testimony of April 3, 1984, before the Subcommittee on Postsecondary Education are appended as Appendix 2 and Appendix 3. These documents describe, respectively, the University's proposed Institute for the Study of Urban Harbors and Coastlines and the manifold in-service programs for primary and secondary teachers mounted by the Institute for Learning and Teaching. These are examples of the type of public service the University is engaged in which could be enhanced significantly by the Urban Grant program.

Title XII. Endowment Development

The new program proposed within this title, by which endowments would be established at needy institutions which serve student populations heavily dependent on need-based Financial assistance, is both creative and fiscally sound. Funds allocated to such endowments would not only enrich the resources available to institutions, but would, as the proposal points out, lessen the future need for federal funding by these institutions.

Title XIII. General Provisions

The University of Massachusetts at Boston endorses the provisions of this title. The special endowment for the John W. McCormack Institute of Public Affairs, located at UMass/Boston is clearly of special import to this University; this endowment would allow the McCormack Institute to diversify and enrich its current public service activities and its research mission and to achieve true regional and national significance.

APPENDIX I

2 March 1984, Volume 223, Number 4639

SCIENCE

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Graduate Education: Signs of Trouble

Graduate education in the United States is in trouble. The nation's economy, its diplomatic and defense capabilities, and its social and cultural life rely heavily on men and women with graduate preparation. When our institutions of graduate education are endangered, so is our national well-being. Only effective action by the federal government will avert a crisis.

These are the principal findings and conclusion of a report approved unanimously by the National Commission on Student Financial Assistance. The commission was composed of 12 persons appointed, four each, by President Ronald Reagan, House Speaker Thomas P. O'Neill, Jr., and Senate President Pro Tempore Strom Thurmond.

The commission identified warning signs of erosion throughout the graduate enterprise. Two factors specifically endanger the future of graduate work in engineering and the sciences: the exodus from the campus to corporation of some of our best graduate students and teachers and the decay of the facilities and equipment essential to scholars working on the frontiers of knowledge.

Many college graduates who 30 years ago would have pursued advanced studies now avoid graduate preparation because they perceive little future in it alongside the opportunities they find in business and industry. In areas such as engineering, solid-state electronics, and digital systems, faculty vacancies threaten the nation's capacity to teach the next generation of scientists and engineers.

One recent survey found that university instrumentation inventories were nearly twice as old as those of leading commercial laboratories. A review of equipment for the sciences at 15 institutions revealed that the cost to meet their needs over the next 3 years would be nearly twice what they had spent in the preceding 4 years.

Although financing graduate education is not the sole responsibility of any one sector of our society, it is the special obligation of the federal government to ensure stable and continuing support of outstanding graduate research and training. Federal support for basic and applied research at colleges and universities should grow with the economy at a rate at least sufficient to keep pace with inflation. In addition, funds should be made available both to meet national needs in fields such as physical and computer sciences and to protect other areas, such as the humanities and social sciences, that have been hard hit by the current retrenchment.

Adequate student aid—through loans, fellowships, research and teaching assistantships, and college work study—must be provided, especially to minorities and women. Because graduate training is intimately connected to research, assistance to students cannot be reduced without diminishing the entire research endeavor. The federal government should substantially increase funds for modernizing university laboratories, equipment, and instrumentation. Business and industry should be encouraged, through appropriate tax incentives, to contribute equipment to universities. New support should be provided for promising young faculty in the natural sciences and engineering as well as in the humanities and social sciences. The government should establish a mechanism to produce "educational impact statements" to evaluate the effects of federal policies and programs—particularly budgetary decisions—on the supply of educated men and women.

The purpose of the actions recommended by the National Commission on Student Financial Assistance is not to increase the size of the graduate enterprise but rather to protect and enhance its research and training functions. In the judgment of all 12 members of this commission, our graduate schools urgently require federal support. Unless they receive it, they will not, by the year 2000, be able to produce the new knowledge and trained individuals necessary to the security, prosperity, and cultural life of the nation.—JOHN BRADEMAS, *President, New York University, New York 10012, and Chairman, Graduate Education Subcommittee, National Commission on Student Financial Assistance*

APPENDIX II

A proposal to found an institute for the study of urban harbors

A significant fraction of the population in developed countries lives in and around urban ports and urban coastlines. These port and coastal areas are used for a multitude of valid activities - transportation, recreation, commercial and recreational fishing, waste disposal, for aesthetic purposes, and sometimes to recharge drinking water aquifers. All of these legitimate uses put considerable strain on port and coastline areas. We are not aware of a concerted effort to understand these important ecosystems with a view to regulating and manipulating them for the maximum benefit of all users.

The University of Massachusetts at Boston proposes to establish an Institute for the Study of Urban Harbors. The proposed Institute represents an outgrowth of the doctoral program in Environmental Sciences at UMB, but will undertake applied research, public service and training in areas which the Environmental Sciences doctoral program does not deal with.

Contacts with scientists and managers at UMass/Amherst, at other colleges and universities, at state and federal agencies, and in business and industry all confirm that the new Institute would provide an opportunity for the University to assume regional and national leadership. In the Spring of 1983 Governor Michael S. Dukakis established the Boston Harbor Water Quality Committee (the Sargent Committee) to involve itself with the cleanup of Boston Harbor. UMass/Boston Chancellor Robert A. Corrigan serves as Vice-Chairman of that Committee, and faculty in the Environmental Sciences Program serve as informal staff to the Scientific and Technical Subcommittee. Activities of the Sargent Committee, articles in the Boston Globe, and activities of the Mass DEQE and the MDC have all drawn public attention to Boston Harbor and to our need to understand urban harbors and coastlines so that we may use them more intelligently.

Thr proposed Institute will serve the Commonwealth in five areas: i) applied research on urban harbors and coastlines, emphasizing problems of interest to Massachusetts and the region, ii) continuing education programs for government officials who are concerned with environmental issues, iii) serving as a modern computerized repository and reference resource for material on urban harbors and coastlines, iv) as a place where visiting scholars can study and teach about urban harbors, v) training doctoral and postdoctoral students.

APPENDIX III

THE INSTITUTE FOR LEARNING AND TEACHING

The Institute for Learning and Teaching began in 1970, with the financial and programmatic support of the Ford Foundation, because of a commitment by the University of Massachusetts to determine how such a new, public, urban university might help to solve the serious problems faced by city schools. The University created the Institute, a small group of general educators who were charged with developing a model of in-service education which would directly address the basic educational issues of concern to urban educators.

Over the last eleven years the Institute has established a record of valuable services both to the public and private schools of the greater Boston area and to the University. We have worked with groups of school administrators and teachers, with University faculty and staff, with students, and with community members in a broad range of efforts to improve the quality of public education at the elementary, secondary, and post secondary levels.

Today public education faces a tough set of problems: how to educate a culturally and linguistically diverse student population; how to operate educational programs under severe fiscal constraints; how to support and re-educate an almost exclusively tenured faculty; how to ensure equal educational opportunities for every student. The Institute has no quick answers or unilateral solutions to offer. Instead, we respond to requests for assistance by joining with school, University, and community people in approaches to these complex problems.

The Institute is committed in principle to collaboration. A process which values everyone's contributions and ensures representative participation by all groups involved is essential to the development of creative solutions to severe and persistent problems. Our eleven years of experience have convinced us that most teachers, administrators, students, and community leaders want opportunities to work with each other as they address the difficulties they share. To provide such opportunities, the Institute defines itself broadly. We must be prepared to work in all areas of education, to coordinate collaborations of many kinds, and to provide many forms of assistance, including curriculum development, program planning, in-service education, and staff development.

The Institute brings to all of its collaborative endeavors several overiding convictions: that public education

can and must be of high quality for all students; that all educational programs must by design and in process be multicultural, reflecting the differing needs and strengths of all cultural, linguistic, and racial groups; and that solving the complex problems of urban public education requires collaborative efforts which cut across traditional boundaries.

In seeking to achieve these goals, the Institute is involved in a wide variety of activities. We are concerned about faculty development and have developed in-service programs and seminars for teachers, for administrators, and for University faculty. We work with University departments to develop graduate programs that will assist practitioners in acquiring and applying to their professional situations relevant theory and research findings. We help schools design and implement strategies for achieving such program goals as the integration of monolingual and bilingual students. We assist school systems in developing and implementing such major policies as the Commonwealth's basic skills policy. We assist individual teachers, schools, and school systems in various aspects of curriculum development. (We have, for example, helped Boston teachers develop materials on local government and distribute them to teachers in other systems.) We sponsor conferences which bring together educators, academics, parents, students, and interested citizens to address such critical issues in education as the effect of Proposition 2 1/2 on local government. We support an alternative high school program for 200 college-bound Boston Public School students, and though the Flexible Campus Program, we reach out to serve area high school students. We conduct special summer institutes which bring together educators from urban and suburban communities to focus on such critical issues as the teaching of writing and the redefinition of citizenship education.

ERIC

INSTITUTE FOR LEARNING AND TEACHING-INSERVICE UNIT

In the 1982-83 academic year, the Inservice Unit of the Institute for Learning and Teaching was involved in sixteen major school initiative projects. These projects were supported by Grant Budget of $576,664.00 and a State Budget of $229,676.64. The projects were staffed by 22 full-time staff, 5 on state funds and 17 on grant funded. In addition, this year 1 education faculty member was on loan to the Institute 2/3 time and another education faculty member 1/3 time. More than 35 other faculty members from CAS and CPCS as well as Education have been actively involved in projects with ILT staff.

The sixteen major projects of the 82-83 academic year are described here briefly.

URBAN HUMANITIES WRITING PROJECT

An effort with 3 school systems to develop staff training programs and curriculum materials and strategies which will unify the objectives of teaching the humanities and writing. As a result of this collaborative effort, students from diverse cultural and ethnic backgrounds will learn to understand and value each others cultural heritage while improving basic thinking and writing skills.

Major types of activities undertaken through this project are: 13-week graduate course, on-sight consultation visits, curriculum planning and review, publication of teacher and student writing, regional dissemination conferences. The project will end with a major conference in November, 1983.

BOSTON WRITING PROJECT

BWP is the Mass. site of the National Writing Project and has been working in collaboration with the BPS since 1979. The project's main activities are: the four-week summer institute, on-going intensive in-service training sessions (workshops and/or courses), writing publications. Recently numerous requests had been made for the staff and teacher consultants to make presentations on various aspects of the teaching of writing in additional school systems in Mass. Also, the staff has been making presentations at conferences and meetings throughout New England and New York.

CITY-WIDE WRITING CONFERENCE

Planned in collaboration with the Boston Institute for Professional Development as a joint University and cultural collaborative effort, project will sponsor two writing conferences for BPS teachers and provide appropriate follow-up activities.

ILT staff will be responsible for workshop presentations and follow-up activities including teacher produced writing publications.

DISTRICT V COLLABORATIVE

The District V Pairing Program has several components. These are:

a) The Reading Clinic: a staff training and direct service effort for middle school students to increase reading competency. Major activities of this component are: graduate course and reading skills; 3-4 hour after school of direct and remedial instruction to middle school students; record keeping and follow-up with students daily teacher.

b) The Parent Resource Development: a community outreach effort to provide training and involve parents in assisting their children with learning activities. Major activities are: parent workshops, school-based parent conferences, parent newsletter, and establishment of a district parent resource center.

c) The J.E.Burke Curriculum Program: an effort to assist staff of the Burke School to reorganize 9th grade curriculum and also to develop a computer program for the 10th, 11th, and 12th grades. Major activities of this component are: supervision and direction of the 9th grade cluster, assistance and developing computer programming curriculum, computer literacy training for all teachers, publication of curriculum guides.

d) Dorchester High Curriculum Project: an effort to assist the staff in increasing minimum competencies and in reorganizing the curriculum to provide health careers specialization. Major activities include: serving on curriculum committees, providing UMB faculty assistance as needed, working closely with school administrators for planning.

e) Teacher Center Support: working in collaboration with the staff of the districts Teacher Center to provide in-service training, workshops and courses, bilingual education, writing and other requested areas.

f) General Services and Technical Assistance to the District Community Superintendent and Staff.

DISTRICT VI COLLABORATIVE

The District VI Pairing Program has several components:

a) The Instructional Support and Basic Skills Program - a staff training and direct service effort directed to increasing teachers ability to provide individualized instruction and

to provide pre-referral support to students needing assistance with basic skills. Major activities include: graduate courses and curriculum development; workshop series; onsight supervision of tutors; daily tutoring; onsight consultation with teachers and principal; production of instructional strategy guide keyed to city-wide K-8 language arts curriculum.

b) Creative Arts Program - provides specialized art and music assistance to middle schools to increase their multicultural education opportunities. Major activities include: presentations by the Kodaly Music Institute, the MJT Dance Company in the Children's Museum, onsight follow-up and coordination by ILT staff.

c) The McCormack Task Force Project: a school-based teacher training and curriculum development effort to work on developing instructional strategies to flash out city-wide curriculum objectives. Major activities include: regular meetings of subject matter teams, ongoing school-based inservice, production of instruction strategy guides, quarterly school-wide student teacher field activities.

d) The Mosaic Writing Project: provides staff for an in-school and after-school oral history and writing project that focuses on the high school and the neighborhoods from which its students come. Major activities include: staff supervision of students collecting oral history data, instruction in writing layout publication skills, production of mosaic journal;

e) General Services and Technical Assistance to the District Community Superintendent and Staff.

MULTIDISTRICT BILINGUAL INTEGRATION PROJECT

A staff training and curriculum effort directed to increase integrated activities between bilingual and monolingual students by pairing teachers and helping them develop plans. The project also works with teachers to plan parallel curriculum that can facilitate mainstreaming of bilingual students. The project uses a teacher's training teachers inservice model. Major activities include: 13-week graduate course in curriculum development, onsight consultation, integrated activities for students, production and dissemination of curriculum materials.

TITLE IV-C COOPERATIVE LEARNING

A demonstration project to instruct teachers in using cooperative learning strategies and materials. Major activities done in collaboration with the Johns Hopkins University staff include: training workshops, dissemination of prepared materials, onsight follow-up and appropriate adaptation of materials.

ERIC

LOWELL TECHNICAL ASSISTANCE

As a follow-up to previous ILT project work in Lowell, staff continue to provide general services and technical assistance to the Lowell Superintendent and staff. Major activities include participation in discussions and planning committees addressing magnet school and trilingual integration issues.

MULTIDISTRICT TALENTED AND GIFTED PROGRAM

A project focused on involving parents and teachers and identifying an individualized philosophy and selection process for school-based TAG programs. The project seeks to expand definitions of talents and gifts to include leadership, creative thinking, artistic and musical abilities as well as academic talents. The project provides staff training and direct service assistance to each individual school plan.

BOSTON-SAN JUAN EXCHANGE PROGRAM DISSEMINATION

This project seeks to follow-up the three year teacher exchange effort by producing monographs and staff training materials that can be widely disseminated and contribute to increased understanding of an informed educational planning of dealing with the problems of migrant and return migrant students.

FLEXIBLE CAMPUS PROGRAM

Allows high school students to attend University courses at no charge. This is an increasingly important program for high school students seeking for advanced course work or specialized courses no longer available in local high schools.

BOSTON COMPACT

In support of the plans outlined in the Boston Compact, ILT staff members are participating in various task forces and are involved in identifying the specific needs of the 3 high schools they are paired with. Major activities at the present time include: participating in the Curriculum Development Task Force, the College Awareness Task Force and the Community Literacy Task Force, meeting with high school administrators to identify needs, meeting with UMB administrators and faculty to identify resources.

BOSTON COMPUTER ADVISORY COMMITTEE

This group was established by the BPS to solicit university assistance for their computer education planning. The committee advises BPS personnel on equipment purchase, curriculum planning, inservice training options. ILT staff and the director of the UMB Computer Center were asked to serve on this committee and are involved in developing the BPS Computer Literacy Certification.

UNIVERSITY PRESIDENT'S EXECUTIVE TASK FORCE

Recently re-established, this group is focused on coordinating the responses of all the paired colleges and universities that serve the BPS. The primary agenda for this academic year is outlining the University component of a Boston Compact. The committee is composed of presidents and university coordinators from BU, Northeastern, Wheelock, Simmons, and UMass.

ANOTHER COURSE TO COLLEGE

ACC is a unique alternative high school program for 200 BPS junior and seniors. Accepted from Boston's district and magnet high school, each ACC class includes a significant percentage of academically high risk students. UMB supports the program by having faculty teach courses at the school providing access to UMB facilities, open enrollment through Flexible Campus and staffing for a strong guidance program. As a recent follow-up study of ACC graduates indicates, this program has been successful since 1975 in increasing student access to college.

TITLE III LEARNING EVALUATION PROJECT

The project focuses on increasing the awareness of University and secondary school faculty about effective instructional strategies and learning styles at both levels. Major program activities include: regular meetings and discussions of faculty groups, data gathering about instructional styles using an ethnographic approach, faculty seminars to broaden the discussion and dissemina-ion of information.

ILT External Funding Summary

1982-83

		UMB Contract	Other* Funding	Total Program
1.	Urban Humanities Writing Project NEH - Year II	$ 90,765.		$ 90,765.
2.	Exchange Program Dissemination Ford Foundation	$ 17,000.		$ 17,000.
3.	District V Collaborative Chapter 636 (City of Boston)	$125,460.	$ 2,400.	$127,860.
4.	District VI Collaborative Chapter 636 (City of Boston)	$117,596.	$ 46,537.	$164,133.
5.	District VI Multi-Cultural Olympics Boston Committee Globe Foundation	$ 9,000.		$ 9,000.
6.	Multi-District Bilingual Integration - Chapter 636 (City of Boston	$ 38,258.	$ 65,391.	$103,649.
7.	Multi-District TAG - Chapter 636 (City of Boston)	$ 28,894.	$ 2,968.50	$ 31,862.50
8.	Acc - Career Guidance Chapter 636 (City of Boston)	$ 21,395.		$ 21,395.
9.	SBHS Mosaic "After School" Polaroid Foundation Gillette Globe Foundation	$ 11,000.		$ 11,000.
	TOTAL	$459,368.	$117,296.50	$575.664.50

*Other Funding represents monies that appear in Boston Public School side of budgets but are part of total program funds for collaborative activities.

PROJECTED INSERVICE ACTIVITIES FOR 1983-1984

During the 83-84 academic year, we will continue 9 of these major efforts: the Districts V and VI Pairing, the Bilingual Integration Project, the Boston Writing Project, the Learning Evaluation Project, ACC, Flexible Campus Program, Boston Compact Activities, University-President's Executive Task Force. In addition responding to emerging school needs and university concerns several new initiatives are planned. These include:

I. School Initiatives Project

UMB faculty and staff from ILT, CAS, CPCS, and CM (approximately 20) participated in 4 (Boston, Northeast, Southeast, Greater Boston) of a series of 6 regional meetings initiated by the President's office. These meetings were focused on establishing a dialogue between University faculty and public school personnel on Math/Science teaching, Language Arts teaching, and Admissions standards. The attendance at the meetings was good, although short notice put some constraints on UMB faculty participation, the meetings are intended as only a first step toward on-going collaboration. Notes were taken at each session and the President invited selected UMB faculty and staff to a meeting (June 2, 1983) to sinthesize some key ideas and generate ideas from an agenda for a follow-up meeting with representative school personnel. It is intended that this group will discuss on-going plans for dialogue and collaboration.

As a second piece of the School Initiatives Project, a proposal has been made to release 4 University faculty and staff (2 UMB/2 UMA) to work with BPS on specific curriculum development and related staff development needs. Bob Schwartz, Special Assistant to the President has been working with the President, Dr. Safwat, Dr. Mac Cormack, and Superintendent Spillaine to establish a workable plan.

II. Pre-Collegiate Programs

A) Urban Scholars Program, an initiative of Student Affairs, is a program focused on providing support, assistance and special programs for Talented and Gifted urban students. With the assistance of three ILT staff and 2 staff from Student Affairs the program's pilot phase has been begun. A total of sixteen students from SBHS, Dorchester High School, and Burke High School were selected and participated in a 10-week Summer Institute that combined a 6-week academic program and a 4-week career placement opportunity. Working with current ILT school liaisons an on-going joint Advisory Board (UMB and BPS personnel) is in place that will help develop plans for on-going fall program and the further expansion beyond the pilot phase. It is anticipated that 30 students will participate in the fall-spring program phase.

B) Expansion of the Flexible Campus Program

Plans are being developed to expand the number of students who participate in the Flexible Campus Program. Projected plans include more public school teacher involvement in Advising and academic programs; possible faculty involvement in school-site UMB teaching programs; exploring mechanism for high school students receiving UMB credit.

C) Minority Pre-Med Program

This year as a joint effort of ILT staff, CAS, Admissions, and Career Services a 5-week Health Career exploration for minority students was held. Twenty-six sophomores, juniors and seniors from Boston, Lynn and Metco students participated. Plans are underway to repeat this experience in the fall. In addition, from discussions with the Medical School staff at Worcester a joint proposal to HHCOP has evolved which will be submitted for funding in early 1984.

III. Computer Projects

A) Computer Literacy Workshops (July 5-14, 1983)

In an effort to meet the growing need of secondary school teachers to become computer literate, ILT in collaboration with the Math Dept (Linda Kime), the Computer Center and Title III offered this free summer workshop to 20 high school Department Chairs from Boston, Waltham, Cambridge, Marshfield, Randolph, Revere, Somerville. Participants have agreed to joint a on-going group working with UMB to discuss future training and credit programs in this area.

B) Computer Training Institutes (July 18-Aug 12, 1983)

ILT, as an outgrowth of its on-going Computer Program in District V, and in collaboration with CAS Math faculty and the Computer Center, offered two programs for 42 Boston teachers. The first one was from July 18 to 29 for Districts V and VI teachers who had some computer training and will be their on-site school computer trainers. The second was from Aug. 1 to 12 for BPS high school business teachers in Word Processing and Visical. Both sessions were meant to be programs that train trainers in order to maximize the internal resources of BPS in this area (see attached program description).

C) Computer Center Program

This spring, the Computer Center staff offered 2 three-day workshop sessions to Boston teachers in Logo, Wordprocessing and Visical. These were planned as a direct and immediate

response to a BPS request for service and assistance.

D) Computer Courses in Collaboration with Boston Schools

In the fall of 1983, ILT inservice and education units, the Math Dept and Computer Center, in collaboration with Boston Schools will offer graduate courses in use of computers in education through its Elem/Secondary Education Masters program. Faculty members will supervise several BPS teachers who will serve as teacher assistants on school-based applications with computers. It is anticipated that 110 students will enroll. It is hoped that this initial effort will be a successful step in the development of a possible CAGS Program in Computers in Education.

IV. Math/Science Improvement

A) Both CAS and CPCS have developed proposals for working with schools that are directed to assisting teachers with Math skills and certification. The proposals vary in approach and are currently being reviewed. Discussion with both groups and some coordination will clearly be needed before an implementation plan can be drawn up.

In addition, ILT staff are working closely with members of the CAS, Math Dept and the Computer Center to develop a proposal to National Science Foundation for improving Math teaching in Secondary Schools. A November/submission is planned.

B) Oceanographic Proposal

Bob Spange of CAS has submitted to Dean Freeland a proposal about the establishment of an Oceanographic project for schools that is modeled on a similar Connecticut program. The proposal has been discussed with ILT staff and faculty and looks promising and further discussions with school personnel has been initiated. A 3-6 month planning period will be needed with active ILT inservice staff participation.

V. Humanities Program

A) The Boston Writing Project Summer Institute (July 5-27, 1983)

For the last 4 years the BWP as the Boston site of the Bay Area Writing Model has held a 3-week writing institute for teachers. The Institute focuses on the writing process both for teacher participants and their students. The Institute has been tremendously successful, involves CAS English faculty with ILT staff and serves 20-30 teachers from various towns. It is supported by external funds and this year by funds from the President's office.

B) Rockefeller Foundation Proposal

We have received initial approval from the Rockefeller Founda-

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tion for $40,000 to fund a continuation of our successful Urban Humanities Writing Project. The project which will begin in January will continue efforts to develop multi-cultural approach to the teaching of writing and will involve Boston and several Metco towns.

C) NEH Proposal

UMB in collaboration with BPS and Boston University has been working on the preparation of a 1.6 million dollar Humanities Grant to NEH. The focus of the grant is the Humanities in the schools and how they can impact on teacher training and curriculum development. A proposal has been submitted for a $20,000 planning grant with the hopes of submitting a full proposal January 15, 1984. This is a major effort of the CCT Program, CAS faculty and ILT and is well underway.

D) Social Studies Institute (June 27-July 1983)

Irving Bartlett of American Civilization, ILT staff, and Kennedy Library staff offered a 2-week session on the 60's for teachers this summer. These sessions have been offered yearly for 4 years on various Citizenship and law related education topics. Graduate credit is offered and the opportunity for curriculum development is provided. 36 participated and will be involved in a December follow-up session.

E) Proposal for Work-study Tutors in High Schools

Edna Seaman of CAS submitted a proposal for funding 14 work-study students to assist 10 hours per week with SAT preparation in the BPS high schools. A meeting was held recently with Grace Muscarella, Doug Hartnagel, Bernice Auslander, Jean Mac Cormack to work out an implementation plan for fall as of this time 8 students have been placed in the schools.

VI. School-Based Planning

Several meetings have taken place with Community Superintendents (Districts V, VI, IX) and several school staff to talk about UMB assistance and involvement at several levels. These meetings have underscored the need for a systematic planning approach so that in committing UMB resources we have clear priorities and impact goals. We will follow-up by June 27 on the specific requests that have been made.

VII. Newsletter/Publications

In the fall ILT will begin to publish and disseminate within and outside UMB a monthly inservice newsletter. This will report on recent activities, include articles on key issues, and include a calendar of upcoming events. It will have contributors from UMB faculty and staff and school personnel. In addition we plan to make every effort to encourage scholarly work and publication about inservice activities and the collaborative process.

HEARINGS ON THE REAUTHORIZATION OF THE HIGHER EDUCATION ACT

WEDNESDAY, APRIL 4, 1984 (MORNING)

HOUSE OF REPRESENTATIVES,
COMMITTEE ON EDUCATION AND LABOR,
SUBCOMMITTEE ON POSTSECONDARY EDUCATION,
Washington, DC.

The subcommittee met, pursuant to call, at 9:35 a.m., in room 2257, Rayburn House Office Building, Hon. Paul Simon (chairman of the subcommittee) presiding.

Member present: Representative Simon.

Staff present: Matthew Cossolotto, legislative associate; Rose M. DiNapoli, Republican legislative associate; and John Dean, Republican assistant counsel.

Mr. SIMON. The Subcommittee on Postsecondary Education will resume its hearings on H.R. 5240. Today we are focusing on title VI. What this bill would do in title VI, the international education area, among other things, would be to: create a Center for International Education within the Department of Education, headed by a director appointed by the Secretary of Education. We are in the uncomfortable position of having international education kind of a stepchild that no one pays much attention to and it gets tossed about with every reorganization. We think this would be helpful to have a clearer focus of where we are going and what we are doing. Among other things, this center then could serve as a clearinghouse for information regarding fellowships and other support for exchanges and foreign language study. Right now it is unclear to a great many people how they can receive help.

Other things that we are suggesting are support for intensive foreign language institutes, promotion of faculty and student study abroad. One of the more disquieting statistics is the simple reality that a decreasing percentage of American faculty members are teaching and studying abroad which cannot be good for American higher education.

The establishment of a foreign language periodical center and the creation of a cross-national study for research. We did several years ago create a National Advisory Board in International Education headed by the President of the University of South Carolina, Jim Holderman. The Board recently made 19 recommendations. I want to insert their recommendations in the record at this point.

[The recommendations of the National Advisory Board in International Education follow:]

RECOMMENDATIONS FOR ACTION

1. Local school districts should provide every student with the opportunity to begin the study of a foreign language in the earliest years of formal education and to continue study of the same language until a functionally useful level of measured proficiency has been achieved.

2. Local school districts should begin a talent search for students of the highest foreign language ability, and priority should be given for these students to pursue advanced study, for example, at magnet or international high schools, and have the opportunity to live and study abroad.

3. The various levels of the educational system should integrate their instructional programs so that the language learning experience of the individual student can be cumulative. Existing arrangements for co-operation between the secondary and post-secondary levels need to be strengthened and expanded.

4. Colleges and universities should require demonstrated proficiency, not the mere accumulation of credit hours, in a foreign language for both admission and graduation. Such proficiency should be based on national standards currently being developed by the profession, and should measure at various levels the ability of the student to speak, understand, read, and write the language.

5. To meet the language training needs which will arise from enhanced programs at the elementary and secondary levels, colleges and universities should develop advanced curricula and materials in the commonly and uncommonly taught languages.

6. Certification of future foreign language teachers should require the demonstration of a high level of language proficiency and teaching ability, as well as a knowledge of the people, history and institutions of the country or region in which the language is spoken.

7. Colleges and universities should recognize excellence in foreign language teaching and related research in tenure and promotion decisions.

8. Hard-earned foreign language competence, if not used, deteriorates. Government, business and industry should use their employees' foreign language skills, and offer employees who do not have them a chance to acquire and maintain such skills.

9. Foreign language courses and departments should be more closely integrated with international, area and multicultural study programs.

10. An international perspective should be infused into basic social studies courses, including history, geography, and political science. Curriculum requirements at each level of education, including business and other professional schools, should be reviewed to ensure that students are exposed to foreign languages and international studies.

11. Textbooks should be reviewed or revised, or new textbooks introduced where necessary, to include more international perspective.

12. The National Institute of Education should promote research in areas which will lead to excellence in foreign language and international studies teaching and learning, including new methods of language study, such as reactive computer technology, audio-visual aids, and television.

13. Each State which has not already done so should develop a comprehensive plan for improving the quality of teaching and learning foreign languages and international studies. States should work closely with local officials to determine what needs exist at the local level and within individual schools.

14. A National Fund for International Education should be created. This Fund should receive a portion of the reflow funds generated by the overseas sale of U.S. Government military and other properties, and by interest payments on overseas technical assistance loans. In order to encourage contributions abroad from U.S. firms unable to repatriate profits, U.S. tax deductions should be permitted on contributions made to the Fund abroad by their foreign subsidiaries.

15. The programs operated under Title VI of the Higher Education Act play a crucial role in ensuring the availability of an adequate capacity in this country for foreign language and international studies. The Board commends the aims, objectives and accomplishments of these programs, and strongly endorses their continuation. The Board intends to make further recommendations supporting the future of these programs during the impending process of reauthorization of the Higher Education Act.

16. A new federal education initiative should be established to increase the understanding and skills of teachers and other professionals in foreign languages and international studies.

17. Fellowship should be specially designated and provided for upgrading the skills of foreign language and international studies teachers.

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18. All teachers of foreign languages and of the history, geography and culture of foreign countries should upgrade their skills by teaching and study abroad. Programs of exchange between foreign and United States teachers should be strengthened to help fill this need.

19. The Department of Education should introduce national awards for excellence in foreign language and international studies.

Mr. SIMON. We will be focusing this morning solely on title VI and I am pleased to have as our first witness, former Ambassador to the United Nations, Donald McHenry, who, in addition to that distinction, has two other even greater distinctions. He is an alumnus of Southern Illinois University and Illinois State University, which gives him an obviously special status here on Capitol Hill and elsewhere around the country. We are very pleased to have Ambassador McHenry here.

He is now a faculty member of Georgetown, and I think it should be mentioned that we have read a little bit about Georgetown these last few days.

STATEMENT OF HON. DONALD McHENRY, FORMER AMBASSADOR TO THE UNITED NATIONS AND CURRENT FACULTY MEMBER, GEORGETOWN UNIVERSITY

Ambassador MCHENRY. Thank you very much, Mr. Chairman. I am very pleased to be here to accept the invitation to speak on the legislation which you have before you. I do so, I suspect, from three perspectives—the perspective of a citizen who has had the opportunity to travel around the world and to interact with other cultures and peoples; from the perspective of an academic who has spent all of his professional career in the field of international affairs, either as a sometime teacher and scholar at various American institutions; or the perspective of a sometime diplomat serving the American people and the U.S. Government in the area of international affairs.

From that background, I am led to say that the legislation which you have before you is of particular significance. I say so without attempting at all to address the administrative functions which may be necessary to carry out the legislation. However, I would remark that at one time when Secretary Richardson was Secretary of Health, Education, and Welfare, as it was then called, I was asked to come over and consider the position of the person responsible for international programs in the Department of Education or the section of education as it was then under HEW.

I took one extended look and decided that it was, from my point of view, chaos and an administrative horror and retreated to the Brookings Institution and the Carnegie Endowment.

This country has been particularly blessed by the fact that we are a large country, relatively isolated from other cultures. We are also a nation of immigrants and, for better or worse, we have sought to build a homogeneous society, at least insofar as language is concerned. Both the fact that we are relatively isolated from other countries and the fact that we have built a society particularly around one language, despite the fact that we are made up of many backgrounds, has served us very well in the past. But those things which, indeed, have served us extremely well in the past do

not necessarily serve us well today and we are not necessarily well-positioned to face the problems which we face in the modern world.

We have not, as a result of our size and the fact that we do not have to cross different boundaries as we go from State to State and come into contact with different cultures and language—we have not kept up with nor interacted as fully as we should have with other cultures and languages. The fact that English has become so important in the world of communication and diplomacy has, in a sense, been a deterrent to the study of other languages and cultures. The fact that this country is so large and, from a business point of view, has provided a ready and accessible market for our products and goods and the fact that our advanced technology has provided a ready market for our goods abroad has meant also that we have not done as much as other societies have been forced to do to try to understand other cultures and trying to learn other languages.

But I think most would agree with me that much of this has changed. Our market here at home, which has been so large and accessible to us, is now also large and accessible to others. The technology which has given us a distinct advantage in the business world is technology which is now readily accessible to other cultures and other societies.

If we wish to compete in the world of business, it will be necessary for us to explore new markets and in doing so, to learn new cultures and new languages. Those who had, from one perspective, the disadvantage earlier, now have a distinct advantage in that they have earlier on been forced to learn other cultures and learn other languages. We must increasingly do so now. We are no longer isolated from the rest of the world. Communication and travel have brought about instantaneous communication and interaction with other cultures and societies and, as I said, our markets are now accessible, technology is dispersed, and it will be necessary for us to compete in this very difficult climate.

We have recognized this before. We did so with the National Defense Education Act at the time of Sputnik and we rushed very hard to increase the number of area studies programs and the number of languages in our postsecondary schools. But as we so frequently do, we met the crisis, but there was nothing sustainable in that effort. Funding for regional or area studies programs has rapidly decreased in our institutions of higher education. Language is always under pressure, particularly given a period of budgetary demands and particularly given the fact that Americans can travel in many countries of the world without the need for changing from their own language.

But nevertheless, it seems to me that the need is sufficiently great, both now and in the future, that there is a need for focus and attention to the pursuit of programs aimed at enabling American students and citizens and businessmen and, indeed, American diplomats to participate fully in the discussions and commerce and political, cultural, and other exchanges which take place in the world today.

There is, I am pleased to say, particularly in the private sector in the last year, a resumption of attention to some aspects of intercultural relations. But again, this tends to be focused in a very narrow

way. I suspect that if we follow our past, the focus will disappear very shortly.

I speak, of course, of the renewed attention which has been paid to the need to train Americans in terms of Soviet relations. This is recognized both in the generous grant which Governor Harriman has given Columbia University recently and in the current request of the State Department for appropriation to assist institutions in the development of studies in Russian language and culture. But again, more needs to be done and it needs to be done not simply with regard to the Soviet Union, but increasingly it needs to be done with regard to that large and growing number of people with whom we must interact. I mean not simply our traditional contacts in Europe, not simply the increased contacts which we have had in Latin America, but also the increased contacts which we have in the so-called developing world.

There is a definite need for more attention to the culture and languages of Africa and Asia and Latin America. These are areas which are coming into their own, not in the sense that they are going to develop overnight, but they are areas where there must be increased attention and, from a business point of view, where we must look to find markets for American commerce.

As you know, I am currently associated with Georgetown University, teaching there in the School of Foreign Service. The university has recognized the need for cross-cultural education. Its programs have for more than 50 years now tried to introduce American students to a detailed knowledge of other cultures and other societies.

We have done this, in the first instance, in trying to train diplomats, but increasingly, particularly given the fact that the number of diplomats going into the Foreign Service has decreased dramatically, we have trained students to serve the country in multinational corporations, in multinational, quasi-public institutions and, in the large, multinational banks which operate frequently around the world.

The university has also done so in terms of trying to focus the variety of its programs in intercultural education. Just over a year ago, in part with the assistance of the Congress, the School of Foreign Service, the School of Language and Linguistics, and various positions of the history and philosophy and religious departments all came together in what we call the Intercultural Center. It is the hope of the institution that we can in the training of our students get them to see and understand not just American culture and society, but the society in which they are living and increasingly will live in the years ahead. If we can succeed in drawing together these various aspects in the education of our students, it seems to me that we will have made a contribution toward the enlightened participation of Americans in international political and business affairs.

To the extent that the legislation which you have before you addresses some of these questions, provides focus, brings attention, provides necessary budgetary support, it seems to me that it is in the interest of the United States, not simply in the narrow interest of a particular segment of education. It is a recognition that in an increasingly interdependent world, some of the very factors which

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contributed to the strength of this country in years past are no longer factors which we can depend upon.

We must get out into the business world. We must, if we are to resolve the pressing political problems and differences which exist, learn the priorities and cultures and languages and concerns of other peoples and it seems to me that, while we can do it, depending upon our own culture and our own language, we can do it more quickly, we can do it more efficiently and we can do it more sensitively if the philosophy behind your legislation is indeed enacted.

Thank you.

Mr. SIMON. Thank you very much, Mr. Ambassador. Let me acknowledge also the good work of the president of your university, Father Tim Healey, who has always been very supportive and interested in this whole area.

You said one thing that I would like to put across the front of the House of Representatives. "Those things that have helped us in the past will not necessarily help us in the future." I think we have to remind ourselves much more frequently of that reality.

If I could go into your personal background, if you'll forgive me for doing so, you were a student at Illinois State University and Southern Illinois University. Do you feel your exposure in the international arena was adequate, and as you looked at the international exposure of other students, was that adequate?

Ambassador MCHENRY. No, I do not believe it was adequate. I do not believe that the kinds of language programs we had, and particularly the way they were taught, were sufficient for either learning or encouraging people to learn languages. I do not believe that it was possible for me as a student to experience the kind of travel and exposure to other societies as I believe is necessary.

I remember very vividly as an undergraduate student, that I knew almost every foreign student on the campus of Illinois State University and what an occasion it was when we got our first three students from Africa. Now many of these things have changed. Today our students travel extensively. The jet airplane has made the cost of travel much less expensive and they take off for points beyond. Too frequently, they stay at the Hilton Hotel and Holiday Inns and do not get the full experience of Scandinavian or European students, but nevertheless, I think there is a value in that.

We have revolutionized the teaching of language. It isn't that the technology wasn't there. The technology was there. It was developed, among other places, at Georgetown University as we tried to help prepare for Nuremburg trials after the end of the second war. But the technology has advanced. It is available to larger and larger numbers of people. The learning of language is not the onerous drill occasion that it was with very little attention to the spoken language and too much attention, proportionally speaking, to vocabulary and grammar.

And, of course, I believe that it is valuable that we now have an even larger number of students from other societies. Our students now come from all over the world. Washington, particularly, is a mecca for foreign students from societies outside of the traditional homes of the majority of the American population. Those things, I think, are decided improvements and what we have to do at the current time is to build on that. I think that there are a number of

institutions in addition to Georgetown which are doing that. Boston is full of them. Stanford, Princeton, and others are doing an excellent job in this regard.

Mr. SIMON. You have answered this next question indirectly, but let me be more specific. What we are suggesting in this bill, under title VI, the international education area, is a significant increase in expenditures in this field. What the administration at the same time recommends with each budget is that we zero out international education. Very specifically, which course should we follow?

Ambassador MCHENRY. Mr. Chairman, the administration is being quite inconsistent. I was just in a session with the Secretary of State yesterday where he was underscoring the need for and asking the help of a group of former ambassadors with regard to legislation which the State Department wants in another bill to help in the area of trying to strengthen programs with regard to the Soviet Union.

Now I do not—I am not saying that those programs should not be strengthened. I believe he is correct. But I also believe that we should not get ourselves into believing that the Soviet Union is the begin-all and end-all of this world. The same reasoning which is present with regard to our attempt to understand and prepare people with regard to the Soviet Union, it seems to me, is present with regard to other cultures and society.

From my experience, having worked at the United Nations and having come into contact daily with representatives of 150 states, I found it extraordinarily useful to know about the people with whom we deal. I think you can only do this if we both educate our people and expose them.

Now the particular mechanism I am not prepared to suggest except to say that a mechanism is important. I do not believe that these things happen by osmosis. We strengthened our scientific and our language program in the late fifties by deciding to do so and by focusing attention and by appropriating the necessary funds. If we don't do that, then these programs tend to fall between the cracks, where everyone gives them lip service, talks about the importance of them, but there is no consistent, focused effort to see that they are done.

Mr. SIMON. That really gets to my final question. It is a question that I am not sure we deal with adequately in the legislation, as I have introduced it. I am concerned that we move forward with Soviet studies—and I am not picking on Georgetown or Oberlin or Boston University, all three of which are represented here today or Dade Community College, which is represented here today also. I am concerned that we, for example, using the example that you mentioned, that we move on Sovit studies because of its obvious importance. And I have been involved in trying to get us to improve Soviet studies. My concern is that we have nowhere any academic institution focusing on Albania or Botswana; that we will have an African studies program, for instance, which is paper-thin on a great many countries, but which has no indepth kind of knowledge and contact, I am just using Botswana; or Albania as examples. A few weeks ago, I was told no American university is paying attention to Albania. I have no reason to believe that either Albania or Botswana is going to erupt in the headlines, but we don't know.

How do we somehow make sure that this country has a reservoir of information and knowledge and expertise that is available in these areas?

Ambassador McHENRY. Mr. Chairman, I recognize that it is necessary to establish priorities. We cannot have a center for every country in the world. We cannot afford it and not only can we not afford it, it isn't necessary. But I was just in the Soviet Union 2 weeks ago for discussions there with people in their Institute for U.S. and Canada Studies and I was, to put it mildly, surprised at the breadth of the personnel and the depth of their knowledge.

We, of course, have some institutions in this country which could probably perform and do perform equally well, but the Soviets came about this knowledge by deciding that they had to do it and by deciding that they were going to focus their attention and spend the necessary funds. Now, they can do that, to some extent, with advantages over the United States. It is a centralized society. They can decide they want to establish a single institution for U.S. and Canada studies or a single institution for the study of Africa and though they pretend these are independent institutions, we know, of course, that they are not we know that they are simply extensions of the Soviet Government. I don't propose that we ought to be doing that kind of thing. But there is no reason why we cannot take pages from our own history. Those pages go back as far as the Land Grant College Act and continue on through to the present time. When we have been faced with a particular problem in American education, it has been very important that the Federal Government play a role in trying to assist, in trying to coordinate, in trying to fund, in trying to spur on the development of programs while at the same time maintaining the distance which we have maintained between Government and education.

I believe that that is important here. I see no reason why we cannot establish some priorities, encourage institutions to develop programs which will serve their students and this country with regard to the problems which we face.

Mr. SIMON. We thank you very much for your testimony here today and for your leadership. It's been a pleasure to have you.

Ambassador McHENRY. Thank you very much.

Mr. SIMON. Our next witnesses will be a panel composed of two of America's academic leaders—Dr. John Silber, the president of Boston University and Dr. Frederick Starr, the president of Oberlin College.

The two of you can take the witness chairs there. By way of background, I might say that Dr. Silber is one of the creative people who comes up with ideas faster than we can create problems in the field of American higher education and has contributed immensely in that area. Fred Starr, among other things, was responsible for the creation of the President's Commission on Foreign Language and International Studies. It grew out of a breakfast meeting that the two of us had. But in addition to everything else, he is a jazz musician who took a group to the Soviet Union about 15 months ago and had a tremendous response. What is the name of the group?

Dr. STARR. The Louisiana repertory jazz ensemble from New Orleans.

Mr. SIMON. Dr. Silber, we will hear from you first.
[Prepared statement of Dr. John R. Silber follows:]

PREPARED STATEMENT OF JOHN R. SILBER, PRESIDENT, BOSTON UNIVERSITY

I am pleased to have the opportunity to testify before the House Subcommittee on Postsecondary Education. The chairman's book, *The Tongue-Tied American* is a thorough summary of the benefits of foreign language study, and of our current critical shortcomings in this area. He has stated the facts as they are, and all reasonable men are compelled to assent. The need is clear; the situation is perilious not only for our cultural health, not only for our ability to compete in foreign marketplaces, but for our national security. Our school systems are among the worst in the world for the teaching of foreign languages. As Congressman Simon put it, among 76 nations surveyed, "none can compare with the United States in neglect of foreign languages." There is nothing to add to his statement of the case.

The legislation under consideration today is worthy of our support—as far as it goes. But the crisis we are facing cannot be addressed solely at the post-secondary level. To do so is to offer a minor amelioration of a problem on which major action is required. Thus, before I comment on the specific items on which Congressman Simon has asked for testimony, I would like to take a few minutes to address the larger issues which are at stake here.

MAJOR PROGRAM NEEDED

We need to develop, as quickly as possible, widespread competence in foreign languages. The first step is to identify what our national needs are. The next is to appropriate the funds to meet these needs. Minimally, we must have widspread competence in nine major foreign languages: Russian, Chinese, Japanese, Portuguese, Arabic, French, German, Spanish, and Italian. Spanish is included here because, although we have a large number of Spanish-speaking citizens in the United States, we still have the need for intensive training in the language and culture of Latin America and of Spain. Programs producing sufficient numbers of persons competent in these languages, rather than scattered programs in dozens of languages less important to United States interests, should be developed first. When needs arise for speakers and regional experts in more limited language areas, these can be met by a few specialists in the U.S. or by intermediaries. For example, if we need to converse with someone in Angola, a person fluent in Portuguese can convey the issues to someone fluent both in Portuguese and in the native Angolan language. Further, with early language training in, for instance, Russian, students at the university level could be encouraged to learn cognate languages: in this case other Slavic languages, such as Polish or Czechoslovakian.

To educate a sufficiently large and capable number of students in foreign languages, we must begin early. Foreign language training should be introduced into the curriculum of public schools no later than the third or fourth grade. Furthermore, the training must continue without interruption through high school and into college and the university. To develop a program which involves revision of primary, secondary and post-secondary curricula on a national scale seems formidable. But it is perfectly feasible if implemented on a regional basis.

DEVELOPMENT OF REGIONAL LANGUAGE PROGRAMS

Massachusetts and Rhode Island, for instance, states with a large population of Portuguese immigrants and native speakers of the language, could begin a pilot program in Portuguese. Brazil, the largest Portuguese-speaking nation in the world, will almost certainly develop into the major Latin American power, and may well develop into a world power, within the next generation. While we have at present a large number of Spanish-speaking people in the U.S., we have few who can speak to a Brazilian political leader, a Brazilian businessman, or a Brazilian writer, in his or her own language. Tens of thousands will be needed. A regional program would pair a university from the region with local grade schools and high schools to develop a nine-year primary and secondary school course of study. Perhaps the senior year of high school could be spent abroad. Students who completed ten years of study of Portuguese should be rewarded by a university fellowship to further their education in the language and in their chosen field.

Nine such programs could be quickly implemented, one for each of the major languages to be nurtured, and this would not require an extensive bureuacratic structure. One person with a staff of two or three would be sufficient to administer each program, and an additional person with a small staff would be needed to coordinate

the entire program nationally and to audit it for periodic reports to the Congress. Thousands of teachers would, of course, be required.

To increase the incentive for sustained study of critical foreign languages, $100 a year could be offered to parents of children who study one of the nine major languages for at least six consecutive years of primary and secondary school, and $200 each year for students who continue the study beyond six. In a decade or less we could begin to graduate thousands of students competent in a foreign language important to our nation, students fully prepared for study at the college level.

In this regard we can also make good use of our cultural diversity. Within our immigrant groups there are qualified speakers of almost all the world's languages, and they form an important resource for language programs. Boston University, for example, plans to begin a program this summer which will use the professional talents of Russian immigrants in the Boston area to complement and supplement an intensive language studies program.

PER CAPITA GRANTS TO STUDENTS AND FACULTY

With this context in mind, the specific points under consideration by the Committee today can be seen in perspective.

Per capita grants for student and faculty study abroad are highly desirable. Such grants should be carefully administered. Perhaps rather than setting a flat per capita fee for anyone studying abroad anywhere, it would be better to take into account the wide differences in living costs in different countries. There should also be flexibility in the time allotted for faculty or student study abroad, expecially for those engaged in language study. One can acquire a reasonable speaking and reading knowledge of French or Spanish in a year's time. This is also possible with German, though with a little more difficulty. With Russian and other Slavic languages, and with Arabic, or Hebrew, a minimum of two years is necessary. For Chinese and Japanese, additional years may be required.

CRITERIA FOR GRANTS

I have four suggestions for criteria for grants for foreign study. First, although criteria for those seeking such a grant should be strict, they should not be overly specialized. The academic community has a weakness for narrow areas of specialization, and for emphasis on the theoretical at the expense of the useful. Grants should be given to faculty and students who have demonstrated a broad interest in one or more disciplines, rather than a narrow research interest. Criteria should also favor students and faculty whose demonstrated interests have some present-day utility, though I would not want to see this too strictly applied.

Second, the criterion of commitment on the part of the faculty member receiving the grant to return to his or her university for a stipulated period of time is essential. I would suggest a longer commitment, however: A professor granted leave for a year or more of language or regional study abroad should be required to spend at least two years at his or her university for every year abroad.

My third point was suggested by Professor Hermann Eilts, the distinguished former Ambassador to Egypt and current University Professor at Boston University. It has been his experience that language aptitude significantly greater than the ability needed to pass the exam required by the Foreign Service Institute, should be required.

Finally, as I mentioned before, faculty members given grants for study abroad could be required to study not one, but at least two cognate languages. A grant for study in Arabic might also require some exposure to Hebrew. Studies in Russian would involve studies in Polish, or Serbian. It might be argued that this makes an already difficult task more difficult, and certainly lesser proficiency would be acceptable in the extra language. But reinforcement also takes place when cognate languages are studied together. During my tenure as dean at the University of Texas, we offered a very successful course in which students achieved a reading knowledge in all the Romance languages in two intensive semesters.

ESTABLISHMENT OF INTENSIVE LANGUAGE AND REGIONAL CENTERS

The establishment of intensive foreign language institutes is an essential ingredient to a national program for critical language skills. It is one of the few alternatives to a language program which extends through the primary and secondary schools into the universities. The success of intensive-language programs has been demonstrated at many different institutions. At the University of Texas, some years

ago, we demonstrated the success of twelve-week intensive summer programs in ancient Latin and Greek.

It would be useful if the institutes, once a student has obtained a certain language proficiency, would give some substantive courses—economics, politial science, etc.—in that language. This is essential if we are to avoid the conclusion that a foreign language contains no subject matter other than literature or directions on finding hotel accommodations and ordering meals.

ESTABLISHMENT OF A CENTER FOR INTERNATIONAL EDUCATION

With the creation of regional language centers uniting programs in universities with primary and secondary schools, and with the centers for international relations already in existence, I see no need to establish a Center for International Education. Distinguished programs in international relations are already in place at Tufts and at Georgetown University, to name only two, and there are dozens, though perhaps less well-known, at other universities. Distinguished programs involving other aspects of international education are to be found in many universities. The distinguished faculty associated with these various programs are generally aware of the grants and opportunities available. I oppose the imposition on these programs of a bureaucratic clearinghouse. I fear that the creation of such an administrative body would be an open invitation to redundant and stultifying bureaucracy.

GRANT TO FOREIGN STUDENTS

The grant to help 500 third-world students to study in the U.S. are a commendable first step. However, I would remind this Committee that the National Bipartisan Committee on Central America recommended 10,000 scholarships for that region alone, and this was part of a total program which we believe should involve at least 100,000 scholarships for foreign students.

SOVIET SCHOLARSHIP PROGRAMS

As our Committee saw in Central America, and as Congressman Simon has made evident in his paper on Title VI, the Soviets understand much better than we do the impact of third-world scholarship programs. The Soviets, together with their satellites and proxies, are at present outdoing us in our own back yard: the ratio for Central America is 7,500 to 400: 19 Soviet scholarships for each one of ours. It is not hard to understand the benefits the Soviets derive from this.

First of all, they have captured the imagination of people in Nicaragua, and elsewhere in Latin America and Central America. These people see the Soviets and Cubans as the champions—the only effective champions—of education for the poor. The Soviets are the ones who provide educational opportunity for the children of the working classes, of the *campesinos* and of those who are not from the oligarchical elite. The children of the elite, of course, can afford to go to universities in the United States on their own money or to go the universities in Central America.

Second, the Soviets train the recruits that they bring to Patrice Lumumba University and other communist universities in the organization of communist parties in Central America and Latin America.

Third, they also selectively pick among these students those individuals who are promising candidates to become Russian Soviet agents in Central America and Latin America and Spanish speaking parts of the world.

Fourth, they know that every time they educate someone in a field for which there are relatively limited economic opportunities they perpetuate the creation of an intellectual proletariat that is the seedbed of revolutionary activity. A prevailing myth in the United States today is the belief that the revolutionaries in Central and Latin America are led by workers and campesinos. The leadership in Nicaragua, Cuba, and elsewhere, virtually without exception, comes from the universities and from university educated people: from what one might describe as the intellectual proletariat or, as other people less kind have described them, from the "lumpen bourgeoise".

These are the advantages that the Soviets derive from the program. Something must be done to change that. The United States has historically been a champion of the poor and a defender of the concept of equal opportunity, the provider of equal opportunity, the supporter of the right of individuals to seek those levels of accomplishment consistent with their native ability. For us to forfeit that traditional position of the United States and simply leave Central America and the Third World as an open field for Soviet adventurism is a great mistake.

U.S. FOREIGN SCHOLARSHIP PROGRAM

We should offer inducements to 100,000 foreign students to study in the U.S. Of these, perhaps 40,000 should be from Latin America, a region with which our future is closely linked; 10,000 from Central America, and the remaining 50,000 from other first, second, and third world countries. These figures are not unrealistic. Due to demographic decline, hundreds of thousands of places are available in American institutions of higher learning from now to the end of the century. The projection is that by 1992 there will be a million surplus positions, 100,000 of them in institutions of the highest excellence. The Kissinger Commission concluded that we could offer scholarships to American universities divided equally between the state and private sectors at a cost of no more than $10,000 per student per year. The total cost for 100,000 scholarships would not exceed $1 billion a year, one-eight of one percent of our national budget. This expenditure could be more than adequately justified out of the Department of Defense budget alone as a sound investment in our national security.

If the number of grants is limited to 500, they should be carefully targeted. They should be offered in sufficient numbers to be effective in areas most essential to our national security, and in other areas in which the effect will do the most good. In the idea of national security I intend not only military but economic security. I would not use any of the 500 scholarships in countries where, for the time being, Soviet or Cuban influence cannot be effectively countered.

Mr. Chairman, distinguished members of this committee, I thank you for this opportunity to present my views. I sincerely hope that the proposals contained in Title VI, and perhaps some of the additional measures I have mentioned this morning, can with your support by passed into law.

STATEMENT OF DR. JOHN SILBER, PRESIDENT, BOSTON UNIVERSITY

Dr. SILBER. Mr. Chairman, let me first of all state my embarrassment to be addressing you and this committee on this subject because I don't believe there is anyone in the committee more knowledgeable on the issue of foreign language education and its importance to the survival, the security and the prosperity of the United States than yourself. I think your book, "The Tongue-Tied American," has summed up the crisis that the Nation faces in this critical area better than any other single volume of which I am aware. I think the case you present in that book is absolutely convincing. The situation—this colossal neglect of foreign language education in the United States has created a threat not only to our cultural understanding and our cultural health but to our ability to compete effectively in international business and even to our national security.

Our school systems, for a variety of reasons, are among the worst in the world in the teaching of foreign languages. There is no excuse for this, but it, nevertheless, is the situation. I believe you are correct in saying that, among 76 nations surveyed, and I am quoting from your book:

> None can compare with the United States in neglect of foreign languages. It is not only that well-to-do countries can afford it. Countries much poorer than ourselves, such as the Soviet Union would not dream of neglecting the provision of foreign language instruction in a variety of the major world languages. This would not be neglected in England or France or Germany or Italy—none of the countries which find themselves economically much inferior to the United States.

The legislation under consideration today is clearly worthy of our support, as far as it goes. But the crisis that faces our society today is not a crisis that can be cured by addressing it merely at the postsecondary level. This will offer some minor amelioration to what is, in fact, a much more serious problem that must be dealt

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with it a much more fundamental level. So before I comment specifically on the issues on which you requested my commentary, I would like to develop this major point as background.

We need to develop comprehensive competence in major foreign languages as quickly as possible, if we are to meet our national needs, and in doing this, we minimally must have competence, I would suggest in nine major foreign languages: Russian, Chinese, Japanese, Portuguese, Arabic, French, German, Spanish, and Italian. The Spanish I include because, although we have many native speakers of Spanish, it is essential that we also have at least a few centers in this Nation in which a thorough knowledge of Spanish culture and Latin American cultures and of all cultures in which Spanish language is the dominant language be examined and discussed and be known about at the very highest levels of professional competence.

With regard to these other languages, we clearly are seriously inadequate and we must develop an adequacy in them.

The programs that produce competent people in this area cannot be limited to higher education. Unless we start—unless we begin now with programs in the primary and secondary schools, we are never going to develop a sufficient number of thoroughly competent bilingual persons or trilingual persons in the United States. The Soviet Union, Germany, France, England—none of these nations would dream of trying to teach a foreign language by beginning with the university. Indeed, they would regard the study of foreign language as a study unworthy of university credit. By the time a student arrives at a university he is already expected to have mastered more than one foreign language, to be able to carry on research and conversation in more than one foreign language and we had better raise our sights to some reasonable level of competitive expectation.

What we should do, in my judgment, is to develop on these nine central languages first and then worry about details later, because this will give us competence in most of the languages spoken by the vast majority of people on Earth and we can work through people who speak these languages to reach all other languages on Earth.

In these centers, I would propose that legislation establish universities that would link up with primary and secondary schools in their region who offer a program of language instruction in one or more of these languages from no later than the third or fourth grade through the university itself. If—and I use this only as an illustrative example—one were to develop a program of competence in Portuguese which is very important since Brazil speaks Portuguese and Brazil will be one of the world powers by the year 2,000—if we are to have competence in this area, Rhode Island and Massachusetts would be a natural part of the country in which to begin such a program because of the large number of native speakers of Portuguese in this part of the country.

If Boston University or some other university were to establish programs using 10 or 12 local school districts that would cooperate with it and put language instruction into those school districts beginning at the third or the fourth grade and if we offered an incentive to parents to have their children continue in those foreign lan-

guage programs through graduation and high school by some system of offering them $100 a year for the 6 years of instruction and $200 a year for every year of instruction in that foreign language beyond 6 years through graduation from high school, we could anticipate in no more than a decade of being able to graduate 10,000 highly competent individuals in the Portuguese language who could come to the university in order to learn not how to speak or read this language, but learn what they can about the cultures in which this language is spoken by having easy access to that language. They would then be able to participate in international relations programs at a level of reasonable competence. It might take 1 year or 2 years of college work to finally polish off their linguistic competence but it would be easily doable whereas there is no way it can be done under the present system.

Under our present system, all we can hope for is the support of those intensive language programs which are our only alternative in the absence of the teaching of foreign language in the elementary and secondary schools. Those can, indeed, be effective. I know from experience, at the University of Texas, in 12-week intensive programs usually requiring 16 to 18 hours a day, 7 days a week we achieved remarkable competence in languages such as ancient Greek and ancient Latin in a matter of 12 weeks. That can be done. But that is not the ideal way of doing it and that way is not likely to produce the massive numbers that we require. It is an emergency stopgap measure worthy of support, mind you—certainly worthy of support—but the long-range solution is in the establishment, it seems to me, of this linkage between universities and school systems to develop large cadres of persons competent in those foreign languages, as I have tried to outline in my written statement under the development of regional language programs. I believe those could be done throughout the United States. One might start with a pilot program in which there were only 9, with the idea that you would move as quickly as possible to the provision of at least 100 such programs. It would be at about that magnitude that would be necessary before we could assure this Nation of having access to the numbers of people it needs in these various language areas.

One would also bear in mind that if a person came to the university thoroughly competent in Spanish or in Portuguese in one semester one could achieve an enormous competence—at least a reading knowledge in all of the romance languages. We demonstrated that successfully in a program that I developed at the University of Texas some years ago in which we taught all of the romance languages, including Romanian, successfully in a two semester course and the students in that class achieved a reading knowledge in all of those languages simultaneously, having a background at the junior level in at least one romance language.

The idea of developing linkages is also the way to extend our knowledge competence. If we have a program in Russian, once that competence is established there, to tie on a cognate language such as Polish or a Serbian language, would be relatively easily done, and should be done.

To move more specifically then to the questions about which you asked my advice, the per capita grants to students and faculty,

this, obviously, is of great importance. There was never a program more beneficial to the intellectual, cultural, economic life, and security of the Nation, in my opinion, than the Fulbright Program. The Fulbright Program offered the first opportunity of persons in my generation to have overseas experience. Without the Fulbright, I would not have been able to do as effectively as I was able to do later the work that I have done in German philosophy and my understanding of Germany as a nation, of German history, of German philosophy would have been seriously deficient without that overseas experience and apart from the Fulbright, it simply would have been an opportunity beyond my economic resources.

It is too easy for us to forget that so many educational needs are missed simply for the lack of financial support necessary to the accomplishment and I believe nothing can serve better in the development of language skills, of competence in foreign languages necessary to be teachers of foreign language than 2 or 3 years abroad.

The only criticism I would make of the guidelines as you have them now are two. First of all, I think the amount of the grants should be flexible in terms of the cost of living in the country to which a person is being sent. Second, I believe that one should allow for more than single-year grants. There are some languages, such as German, for which a second year would be highly desirable. There are other languages, such as Russian, in which a second year is almost certainly necessary for all but the most gifted linguist. There are still other languages, such as Chinese and Japanese, in which a third year abroad is probably necessary if the level of competence necessary for the skills that we have in mind are to be achieved and if the skills necessary to be teachers in these languages are to be achieved.

With regard to the criteria for grants, I have suggested that in selecting scholars and in selecting students for such overseas experience, one should have strict criteria, but they should not be overly specialized. There is no great advantage in sending someone to Europe who wants to discuss the narrowest field of German philosophy or in a particular generation. To send people abroad, it would be more desirable, in my judgment, to select persons who have a broad interest in one or more disciplines rather than a narrow research interest. We should also stress the selection of people who, in addition to some theoretical interest, have an interest in present-day matters of utility, because those are the kinds of people who are more likely to go into Foreign Service, who are more likely to go into business, who are more likely to be engaged in the practical affairs for which language exchange is so critically necessary.

Scholars in narrow areas of research will achieve their linguistic competence in those narrow areas without this extensive support.

I would also like to suggest that the requirement for returning to the institution for which one is sent on such grants be extended from 1 year to 2. These grants should be reasonably generous. They ought to be provided not only for 1 but perhaps for 2 or 3 years, but then there should be the requirement of returning for twice the length of time, it seems to me, of the grant to the institution from which they are sent.

My third point with regard to the criteria was suggested by Professor Eilts, the distinguished former Ambassador to Egypt, who is now a professor at Boston University in our international relations program. It is his opinion that language aptitude required for this kind of program needs to be substantially greater than that required to pass the Foreign Service Institute examinations. He bases that on his thorough knowledge of the levels of linguistic aptitude required by such exams and says that practically speaking, they are simply insufficient for the purposes of foreign language usage.

If possible, I think the persons who receive such grants ought to be encouraged to develop a cognate language along with the special language in which they are studying.

Now, to urge the regional centers with the linkage with the public schools and to encourage the sending of students and faculty abroad does not alleviate the need for the intensive language and regional centers and, for that reason, I would also want to give strong support to the establishment of these intensive foreign language institutes in the United States—their encouragement, their financial support both in terms of scholarships and in terms of operational funds—because they will be absolutely essential always in particular languages such as in dealing with Albania or with Botswana. But at the same time, they are also essential over the short term in achieving a sufficient number of teachers competent in these major world languages to function in those programs I spoke about in which universities and school systems would combine.

When I addressed the question of a center for international education, I must express some ambivalence. The reason for my ambivalence is the following. There are great centers of international—of the study of international relations and foreign affairs and of cultural studies of various countries in the nation in various universities in the United States at the present time. Georgetown University, Tufts University provide two excellent examples of distinguished programs in foreign relations and in foreign service. There are also distinguished programs on various aspects of international education scattered throughout the United States. I should hate to see these programs imposed upon by any heavy bureaucratic clearinghouse.

At the same time, I feel unenthusiastic about the proposed solution of having a director of International Education appointed by the Secretary of Education. I want to express the reason for my concern. If the Secretary of Education does not recognize the importance of international education and does not establish a framework in terms of personnel or in terms of structure that will allow for its effective coordination, the requirement by Congress that he appoint an individual to do so is not likely to be successful because that individual will be appointed by the same Secretary and if he is not interested in developing those programs he can just as easily frustrate the efforts of the director of such a program. This endless piling on of individuals to do a job that somebody doesn't want to do is not going to get it done. I think what we have to have is a clear indication to the Secretary of Education that the coordination of international studies is to be an exceedingly high priority of the Office of Education and I think the Congress has ways at budget

time to ensure remarkably effective cooperation when its concern is so clearly expressed.

The final point, the grants to foreign students. Here the bill, in a very commendable way, proposes to grant 500 Third World students scholarships to study in the United States. This is a highly commendable first step. But Mr. Chairman, as we pointed out on the Kissinger Commission report, 10,000 such scholarships are necessary in Central America alone and in the opinion of most of us who studied that issue on the Kissinger Commission report, many of us guided by your own research, we came to the conclusion that no fewer than 100,000 such scholarships are necessary in order to meet the foreign policy needs and the foreign security needs of the United States in becoming better known to the peoples of other nations of the world.

It is important for us to recognize that if the Soviet Union can afford a certain form of education, the United States can afford it. It is unreasonable for us to say that an economy as poor as the Soviet Union's can afford an intelligent policy of worldwide student exchange, but somehow the United States cannot. The Soviets, together with their satellites and proxies, are presently outperforming us in the area of Central America by a ratio of 19 to one, with 7,500 scholarships offered in the Soviet Union, Cuba and other communist bloc nations against no more than 400 from the United States and only 19 of those, I believe, were by government sponsorship.

Now it is not difficult to understand the kinds of benefits the Soviets derive from this arrangement. First of all, they have captured the imagination—the popular imagination—of the people of Central America as being the only effective champions of equal educational opportunity for the people of the region, as the only ones who will provide scholarships for those whose parents cannot afford to give them a college education. They become the champions for the education of the poor. This is a traditional ground on which the United States takes pride. We have done this more effectively for our own people than any other nation in the world and yet, we do not project that image abroad and we have allowed the Soviet Union to capture a monopoly on this particular socially useful concern.

The second point. The Soviets use their scholarship program quite clearly for indoctrination purposes and for selecting and training those leaders to organize the Communist Party in Central America and other parts of Latin America in the process of their education.

Third, they use this group of people not only to find those who could organize the Communist Party, but those who could serve as effective Soviet agents in Spanish-speaking parts of the world. Finally, they educate a significant number of persons who have relatively few economic opportunities. They perpetuate in this way the creation of an intellectual proletariat that is the seedbed for revolutionary activity.

It is a prevailing myth in tne United States today that revolutionaries in Central America and Latin America are lead by workers and campesinos. It is no more true in that area of the world than it was in Russia when that noted intellectual and nonworker,

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Lenin, organized the October Revolution. Leadership in Nicaragua and Cuba and elsewhere comes primarily from universities and university-educated people—from what one might describe as the intellectual proletariat or, as others have less kindly described as the "lumpen bourgeoisie."

It is important for us to recognize that these are the advantages the Soviets derive from this and that something must be done to counter that advantage if we wish to have any influence 10 years from now in the governments of those countries. If we don't, the persons who return from the Soviet bloc will end up working for the most part in governmental agencies in that part of the world and we will find ourselves facing persons who are more hostile to us than would be necessary. In fact, we could be working with people in the governments of those nations that had been educated in the United States, if we were more alert to the opportunities available to us in this area.

To meet this need, we concluded—those of us who studied it on the Kissinger Commission—that at least 100,000 scholarships were needed worldwide—40,000 perhaps from Latin America; 10,000 from Central America and; 50,000 scattered over the other first, second and third world countries—so that 100,000 could be brought to the United States each year. It's an ideal time to do this, Mr. Chairman, because, as you know, the demographic decline has opened up one million redundant places in American higher education and at least 100,000 of those are available in institutions of very high quality.

There would be no difficulty from the present time through the year 2000 for us to fill one-tenth of the vacancies in American higher education with scholarship students from abroad. For that reason, it would be very easy to contract with a few universities—perhaps 100 universities—to bring in those 100,000 students. That could be arranged, I would estimate, for about $1 billion or roughly $10,000 per student. I think that is a very realistic figure for providing that kind of education and $1 billion, which would be the cost of that prognam is only one-eighth of 1 percent of the annual operating budget of the Federal Government and is an item that could be carried in the Department of Defense budget without any reduction in security to the United States because that expenditure of $1 billion would probably be as effectively spent for U.S. security as any dollar that could be spent.

I don't know of a weapons system that costs on $1 billion per annum that would have the monmumental impact, the far-reaching impact, and the growing and extending impact of the education of 100,000 foreign students each year in the United States. This would build a reservoir of good will towards this nation—of understanding toward this nation and of understanding toward the opportunities associated with democracy and free enterprise that could not be achieved in any other way.

If the number of grants is to be limited to the 500 suggested under the bill, which are desperately needed, even if they are not sufficient, they should be carefully targeted, offered in sufficient numbers to each language area so that they can be effective and from those areas that are most essential to our national security.

I state again my reluctance to pontificate on this subject in your presence, but having been asked to do so, I had agreed.

Mr. SIMON. We are pleased to have you pontificate here and, as usual, you come up with some excellent ideas.

We are pleased next to have Dr. Frederick Starr, the president of Oberlin College. Let me publicly apologize to Fred Starr and Oberlin College. Back some months ago, Fred Starr was to be inaugurated and they were kind enough to ask me to speak there and a new staff member in a moment of excess zeal saw an opportunity for Paul Simon to speak at a major event in Illinois and thought Illinois would be much more important than speaking in Ohio and I was cancelled out of participating in your inauguration. I was embarrassed by it and regret it, but you managed to survive and are still President of Oberlin College despite that.

We are pleased to have you here.

[Prepared statement of Dr. S. Frederick Starr follows:]

PREPARED STATEMENT OF S. FREDERICK STARR, PRESIDENT, OBERLIN COLLEGE

Mr. Chairman: I thank you for the invitation to present my views on the draft legislation for Title VI of the Higher Education Act. I do so as President of Oberlin College in Ohio, an institution that pioneered special foreign language houses (of which we now have five), that has maintained direct academic ties with China for over a century, that sponsors study programs abroad in three countries, and that has trained many American diplomats, business and religious leaders involved in international affairs, journalists and scholars working abroad, and even foreign heads of state. I do so also as a specialist in Soviet affairs and as a former Special Consultant to the President's Commission on Foreign Languages and International Studies.

Mr. Chairman, to defend here the proposition that a knowledge of foreign languages and of the world generally is essential to an educated citizen is to carry coals to Newcastle. Both majority and minority members of this committee have long since demonstrated their commitment to reducing American provincialism through education. Permit me, then, to confine my remarks to practical suggestions regarding some areas of the draft legislation:

First and second, faculty and student exchanges with foreign countries (secs. 621, 622); third, the program that maintains graduate and undergraduate intensive language training centers at various schools (sec. 603); and, fourth, the proposal to establish a Center for International Education within the Department of Education.

I. FACULTY EXCHANGES

The emphasis on faculty exchanges is warmly welcomed. However great the need for study abroad may be at the college and university level, it is geater still in our secondary schools. Although the overwhelming majority of America's language teachers are in secondary schools rather than in colleges or universities, the opportunities for them to study the language they teach in the country in which it is spoken are pitifully few. It is not the business of the Higher Education Act to redress this shortcoming, but it would be well for the Committee to attend to the issue.

Returning to the program before us, I would recommend that it give priority to foreign language teachers (sec. 621(c)(1)(B) and that all faculty exchange participants, whatever their fields, be required to demonstrate proficiency in the relevant foreign language as measured by a nationally administered test (sec. 621(c)(1)(C). The focus on language teachers could be reviewed after a few years. For the time being it is essential in order to upgrade the skills of those on whom our children and students depend in their own studies. Nor should we pass up the opportunity to impose rigorous standards of proficiency on all faculty participants in foreign study programs. Surely, if we are unwilling to do this, we have no right to ask college and high school students to meet even minimal proficiency standards.

It is unfortunate, I believe, that the draft legislation would limit participation in such a program to faculty members at only a few selected schools. Talent in American higher education is widely decentralized today. Any faculty member at any college or university should be allowed to compete for the coveted opportunity to study

abroad. For this to happen, the legislation ((sec. 621)(b)(1), etc.) would have to be changed so that the program is administered directly by the Department of Education, rather than indirectly through a list of participating institutions. It would still be possible, of course, to expect the faculty member's institution to bear part of the cost of such a fellowship. The main point is that we should support talent wherever it is to be found.

II. STUDENT STUDY ABROAD

The sections of Title VI that address the need for student study abroad represent a significant advance that will eventually affect American education at all levels. Unlike faculty fellowships for study abroad, it is appropriate that student programs be administered by specific colleges and universities around the country, as spelled out in section 622(b). My sole recommendation here pertains to the criteria by which study-abroad programs are selected for support. To assure their success, it is important to require that each institution proposing such a program demonstrate a record of commitment to foreign languages and international studies (sec. 622(b)(1). It is important, also, that all students receiving support under this program attain a standard minimal level of proficiency in the foreign language in question, and that this not be subject to local variance (sec. 622)(b)(2).

Finally, while it may be desirable that programs provide the opportunity to combine language study with the study of other fields, this shuld not be a requirement. In a country with only three people who are fully qualified to serve as interpreters for Soviet-American negotiations on nuclear arms reduction, it is important that it be possible for those students wishing to do so to concertrate their full energies on attaining true mastery of a foreign language.

III. GRADUATE AND UNDERGRADUATE INTENSIVE LANGUAGE TRAINING CENTERS

The foreign area study centers fostered under Title VI have made an invaluable contribution to American life, and I strongly support their perpetuation. However, I am unable to support the draft before us until one important modification is introduced into it. To its credit, the legislation calls for "graduate and undergraduate intensive language training centers." In the early days of the National Defense Education Act, the Department of Education interpreted this stipulation to include centers at four-year undergraduate institutions, as well as at universities. But this is no longer the case, Oberlin College having been the last four-year institution to receive support for a Title VI center. In effect, the universities took control of the program, notwithstanding the fact that it is precisely the liberal arts college that has pioneered the establishment of intensive summer programs, special language houses, campus-based exchange programs, and so forth. Suffice it to say that the number of graduates of liberal arts colleges who have distinguished themselves in the various aspects of America's international endeavors is out of all proportion to the number of graduates of such institutions in the college- and university-educated population as a whole.

Thomas Jefferson cautioned against the dangers of "sacrificing the primary to the ultimate grade of instruction." Yet this is precisely what has occurred in the administration of the Title VI centers for foreign language and area studies. The draft legislation should be modified so as to enable undergraduate programs, especially those at four-year institutions, to compete fairly with graduate institutions under this program. Specifically, I would recommend that thought be given to setting aside a certain number of Title VI centers for purely undergraduate programs.

IV. A CENTER FOR INTERNATIONAL EDUCATION IN THE DEPARTMENT OF EDUCATION

In order to provide a permanent witness and organizational locus for international education within the Department of Education, the draft legislation proposes to establish a Center for International Education. The idea is a good one, and I am confident that it will be well received by all those interested in developing America's educational resources in this important area. The proposed Advisory Board could provide useful counsel to the director of such a Center, particularly if the Board were of manageable size.

If the draft legislation is to be improved in any way, I would recommend that the proposed Center be given oversight for programs in the schools, as well as at colleges and universities. It might be objected that such an expansion of the Center's function would dilute the attention accorded undergraduate and graduate education. I see no reason why this should happen. But if it did, I for one would welcome it.

Since the time of Sputnik, Congress has undertaken many measures to expand foreign language teaching and international studies. Yet after a full generation we still find ourselves contending with the same old problems. I would call your attention once more to Thomas Jefferson's warning. Our failure—the failure of colleges and universities, as well as of Congress—can be traced to the wrong-headed notion that an educational house can be built from the roof down. The study of foreign languages must be firmly rooted in our primary and secondary schools. Until this happens, even the best conceived Title VI programs will fail.

In order to reorient our thinking, I would propose that a newly constituted Center for International Education be given responsibility for all the Department of Education's programs to develop foreign language and international studies. The geologic fault separating school and college must be bridged. The legitimate needs of secondary education must no longer be subordinated to those of higher education. An authoritative Center for International Education that can serve as a clearing house and coordinator for all programs in this field is a necessary means to improving language training at all levels.

I thank you for your attention.

STATEMENT OF DR. S. FREDERICK STARR, PRESIDENT, OBERLIN COLLEGE

Dr. STARR. Thank you very much, Mr. Chairman. You can count on me being present at your inauguration. [Laughter.]

I thank you very much for the invitation to present my views on the draft legislation for title VI. I do so as president of Oberlin College in Ohio, an institution that pioneered special foreign language houses of which we now have five; that has maintained direct academic ties with China for over a century; that sponsors study programs abroad in three countries and that has trained many American diplomats, business and religious leaders involved in international affairs, journalists and scholars working abroad and even foreign heads of state. I do so also as a specialist in Soviet Affairs and former Secretary of the Kennon [phonetic] Institute for Advanced Russian Studies at the Wilson Center.

Mr. Chairman, to defend here the proposition that a knowledge of foreign languages and of the world generally is essential to an educated citizen is to carry coals to Newcastle. You and your colleagues have long since exercised leadership in the effort to reduce American provincialism through education and we are all in your debt.

Permit me then to confine my remarks here to a few practical and modest suggestions on some areas of the draft legislation, specifically programs of foreign study for faculty and students; second, the title VI centers and; third, the proposed Center for International Education within the Department of Education.

I don't need to add further defense to the principle that faculty and student study abroad is important. It is. However, there are three modifications that I would like to suggest in the actual draft which I think might help strengthen the realization of the principal involved.

First, regarding the status of language study as such, we live in a country that has only three interpreters fully qualified to carry out interpretation at Soviet-American negotiations on nuclear arms reduction. It seems to me that we should give preference in the selection of people—faculty members—to study abroad to language teachers. If they don't get the opportunity to study the language that they teach in situ, they will not be very effective as teachers.

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Beyond that, it seems to me wise to permit those students wishing to do so to concentrate their energies fully on language study abroad. As it stands, they would be required and the programs that take them abroad would be required study simultaneously some particular substantive field. A perfectly good idea. But it should also be possible for one to concentrate fully on language study. That is not permitted in the present draft.

Also with regard to the status of language study as such, it seems to me that there is a curious asymmetry in requiring a language proficiency test for student participants in foreign study programs and not for faculty participants. We can't expect students to jump through a hoop that faculty members have not jumped through before them.

The second area that I would like to touch on with regard to faculty and student programs for study abroad has to do with the method of selecting participants. As it stands, this would be done through the channel of specific institutions of higher education. I would propose rather that the program be opened up to faculty members at all institutions of higher education in the United States on a competitive basis. If there are, indeed, centers of such expertise, if there are indeed institutions with larger numbers of highly qualified people, they will emerge from such a competition.

As it stands though, many people who are doing first class work in foreign language and international education would be denied the opportunity to compete. The opening of this faculty study abroad program would simply acknowledge the reality of the great decentralization of talent that exists in American education today.

The final point that I would like to make about the faculty and student study abroad programs has to do with the question of secondary school teachers and I would like, in touching on this, to note that a similar principle is involved in two other areas of the legislation, namely the Center for International Education within the Department of Education and also the title VI centers. The principle is, it seems to me, best expressed by Thomas Jefferson, who cautioned "not to sacrifice the primary to the ultimate grades in instruction." It seems to me that this principle, namely not to emphasize the higher levels of education at the expense of the lower levels has application three areas in the draft before us.

First, with regard to faculty study programs abroad. The heart of our language teaching force in this country are high school teachers at this point. They vastly outnumber college and university teachers of foreign languages and by an even larger difference outnumber grade school teachers. I realize that the legislation under consideration has to do with the Higher Education Act. It seems to me, however, that we deny study abroad opportunities to secondary school teachers at our peril. I should just note parenthetically that in the original legislation, the Fulbright Program was to have included a large number of secondary school teachers and gradually, as time went on, the numbers of participants from the schools dwindled to the point of insignificance today.

The second place where this principle of not sacrificing the lower to the higher levels of education has application is the title VI centers. Again, the value of these centers around the country just, it seems to me, is beyond question. For a generation they have pro-

vided timely leadership and training qualified experts who have surfaced virtually in every area of our public and national life.

However, as originally conceived and in the present draft as well, they are to include, and I quote, "graduate and undergraduate centers." However, over the years, in the actual implementation of this legislation, the title VI centers have been drawn back only to universities. The last 4-year institution to have a title VI center was Oberlin College, its East Asian center being the recipient.

There is no title VI center for foreign languages and international studies at any 4-year institution at any liberal arts college in the United States today. It seems to me this is a great shame. I am not proposing that a number of these be set aside necessarily, but rather that the competition really be open to these institutions for the simple fact that the liberal arts colleges have pioneered in exchanges abroad, they have pioneered the language houses, they have pioneered the summer intensive courses, they have pioneered the super-intensive courses at the undergraduate level that have produced such wonderful results in language instruction. It seems to me, in other words, that what is called for here is to open the competition and for the legislation to specify this—genuinely open the competition to 4-year institutions.

Those institutions, by the way, are fully capable and perhaps, in many ways, more capable than the universities of reaching the high schools because they have traditionally maintained very close ties with secondary education.

The third area where the principle of not subordinating lower to higher grades of instruction applies is the proposed Center for International Education within the Department of Education. This strikes me as an imminently useful proposal. Many of us in this room have observed the sad effects of the absence of such a locus within the Office of Education and within the Department of Education.

But I would like to offer one suggestion with regard to this. Since the time of Sputnik, Congress has undertaken many measures to expand foreign language teaching and international studies. Yet, after a full generation we still find ourselves contending with the same old problems. Our failure—the failure of colleges and universities as well as of Congress can be traced to the wrong-headed notion that an educational house can be built from the roof down.

The study of foreign languages must be firmly rooted in our primary and secondary schools. And until this happens even the best conceived title VI program will fail. In order to reorient our thinking, I would therefore propose that a newly constituted Center for International Education be given responsibility for all the Department of Education's programs to develop foreign languages and international studies at the college and university level, but also in the schools. The geologic fault separating school and college must be bridged. The legitimate needs of secondary education must no longer be subordinated to those of higher education.

An authoritative Center for International Education that can serve as a clearinghouse and coordinator for all programs in this field is a necessary means to improving language training at all levels.

I thank you very much for your time and attention.

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Mr. SIMON. I thank both of you for your testimony. First, just a comment. On one point you both agree and I agree with both of you and that is the need for reaching into the primary and secondary schools. We face a jurisdictional problem, obviously, in writing the Higher Education Act. It is a problem also, frankly, in our suggestion for the Center for International Education. The simplest way of solving that problem is an Assistant Secretary for International Education. But that means that this has to go to be rereferred to the Committee on Government Reorganization and that committee, for understandable reasons is very reluctant to create additional assistant secretaries in any department. This is a way of bypassing that jurisdictional problem. If I could just theoretically do what I think is ideal, I would like to have an Assistant Secretary for International Education.

If I may, Dr. Silber, move to a couple of your suggestions. First of all, the Kissinger Report, I could not agree with you more. I am going to talk to our staff about how we move more dramatically. I think the unfortunate part of the Kissinger Report is that the military side got all of the attention in the media. But your commission came up with some very substantial suggestions that are not as controversial as the military side and probably long range could contribute much more for the security of our country and to the aid of Central America than the military side of it.

Your suggestion for nine regional programs in which, but let's say, for instance, Boston University works on Portuguese and works with the primary and secondary schools. What kind of dollars are we talking about? Let's just say we authorized Boston University to have this Portuguese center where you work with secondary schools and primary schools.

Dr. SILBER. The difficulty in estimating that without fairly careful study would depend upon the availability of those native speakers of the language. The teachers for the primary and secondary grades who, in the first few years are going to be critical to this, are essential. Now the reason why the startup costs would not be great is that the program really gets started at about the third grade. Now it would be much more important to get this thing started at the third grade and in the fourth grade and in a period of 10 years the project would be complete instead of trying to start at the 12th grade and then go down to the 11th and 9th, which would mean it would almost never finally get fully established.

Time passes very swiftly. If the Supreme Court, for example, in 1954, instead of saying, "Integrate the schools with all deliberate speeds," said, "Integrate the schools one year at a time," by 1966 we would have had full integration of the schools. Instead it took us more than 10 years after that to get it because we hung by the phrase "all deliberate speed." I would say the development of this program on a year-by-year basis would involve a gradual acceleration of money.

Rather than just give you a number off the top of my head, I would like to think about this and examine it and write you on the subject in about a week. I think in a week I could come up with some numbers that I would have some confidence in.

Mr. SIMON. If you could come up with those numbers in a week—I am not saying we are going to include it in the bill—but we are

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sure going to take a good, hard look at it. I think the idea of the pilot program is one that merits a good, hard look.

Dr. SILBER. And it might be that there are some areas in which several languages could be used. We started a program, for example, using Russian immigres as a part of a Russian language program at Boston University because of the availability of those people in our community. I am sure that a city like Chicago could develop almost any language it wanted to with the school system in Chicago. It might be the case that in El Paso, TX, you could do nothing except in Chicago. But there are other cities in the United States in which wide linguistic opportunities are available. By selecting the right cities for the development of these centers, one can also reduce the cost because of the availability of the teachers to follow it up. But I really have to study it before I give you a number.

Mr. SIMON. OK. I would appreciate receiving that. Both of you have made some very specific suggestions that I will go over with the staff.

I had forgotten Ambassador Eilts is now on your faculty. Be sure and extend my greetings to him.

Dr. Starr, on your suggestion for having national competition rather than an institution-by-institution approach, let me tell you my reason and get your response.

My reason for being concerned about this is that some of the schools that desperately need an international infusion are small schools in Kansas or even Illinois. Frankly, if the grants are competitive, some of the faculty members are just not going to be able to compete with Oberlin and Boston U. faculty members. And yet, that small school in Kansas or Illinois really can profit immensely from having a faculty member go abroad and come back with more of a broadening experience. Do you care to respond to that?

Dr. STARR. The notion upon which I would base the idea of a national competition for these faculty positions for study abroad is very simple. That is, during the last 20 years, we have trained a generation of young scholars in virtually every field. These people were trained in great numbers at a fairly small number of major graduate centers and then they found out, because of the institutions in which they were trained, there were rarely positions for them and, as a result, there was a vast decentralization of talent in the United States.

So what has struck me repeatedly in the last years in traveling around and visiting many institutions, as I know you have done, Mr. Chairman, is that you are as likely to find a very promising young specialist on heaven knows what at that institution in Kansas or Illinois as you are at a major university today. This is simply a fact of the perhaps overtraining that occurred or, if you will, of the blocking up of senior positions in many universities.

I am very confident that there are many, many fully competitive young teachers and scholars at these schools who will survive a national competition.

Mr. SIMON. Let me give you another example that occurs to me, where, again, I have serious concerns. Our community colleges today enroll over 50 percent of the freshmen. There is, by any gauge—and I am not saying anything that we haven't talked to the

Community Colleges Association people about—but by any gauge there is, in general, with the exception of Dade Community College represented here, a lack of an international emphasis at these community colleges. We have some fine community colleges in my district in southern Illinois. I seriously question whether any faculty members would have a chance in a national competition.

Dr. STARR. Let me respond by suggesting that the pool of faculty study abroad positions be divided for universities, 4-year institutions and for community colleges. But within each of them, have a competition and open the doors wide because I think what we want to reward is the initiative and commitment of the individual faculty members. Every time there is a program that works, every time there is a school that is doing something fine in this area, you can usually trace it to one person who is really engaged. I think we want to make sure that any such program is rewarding that kind of individual commitment.

Mr. SIMON. Dr. Silber.

Dr. SILBER. Mr. Chairman, this is the first issue on which I have found any disagreement between myself and my colleague here. I think there should be very strict minimal standards set for these grants to students and to faculty, but I don't see any virtue in a national competition, because what happens then is that you begin to go back to the old boy network and to the establishment and the people who may be genuinely outstanding in one of these colleges—a 4-year college or a community college—truly outstanding is not going to have a national reputation, and he won't have the letters of recommendation written for him and he won't have the publications list. But he may have a superb knowledge of a country or of a subject or of a language, but simply not be publishing new material in that language.

The criteria for selection in a national competition are going to, I think, come up far too often with the same old names. I think this idea of making it a grant that is administered by each institution has a virtue comparable to the greatest talent discovery program that we have ever had in this country, which was the GI bill. That simply let every young person who had served his country in war demonstrate his capacity to perform at the college level.

If we have entry level criteria associated with these grants, then I wouldn't worry about there being a competition for them at all.

Mr. SIMON. In that connection, Dr. Starr mentions entry level criteria, including a requirement for some proficiency in the language. Does that make sense to you?

Dr. SILBER. Yes, it does make sense to me because here again, if you are starting with a person who is, let's say, 25 years old, which is about the youngest you are going to find in a faculty position, and he doesn't have any language proficiency, you are just throwing good money after bad. You would be better off in educating 10 youngsters 10 years of age by giving them a couple of hundred dollars a year than you would by giving a full year grant to a person 25 to start from scratch.

Mr. SIMON. We thank both of you very, very much not only for your testimony, but both of you have been academic stars in the finest sense of that word for what you have contributed and we are grateful to you.

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Dr. SILBER. Thank you.

Dr. STARR. Thank you.

Mr. SIMON. Our next witness is Congressman Norm Dicks from the State of Washington. We are pleased to have you here.

[Prepared statement of Congressman Norman D. Dicks follows:]

PREPARED STATEMENT OF HON. NORMAN D. DICKS, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF WISCONSIN

Mr. Chairman, I would like to thank the members of the subcommittee for providing me with the opportunity to address the importance of maintaining a strong federal commitment to international education programs.

As the members of this committee know, for the second consecutive year the administration has requested no funding for international education programs, under Title VI and the Fulbright-Hays—102(b)(6). This action is taken as part of a planned elimination of nine small categorical programs, together totalling more than $143 million in current funding.

The effect of this action would be to eliminate all federal support for foreign language and area studies at a time when the need for greater competence in this field is recognized in all sectors of American society today—in business, national defense, intelligence, and the diplomatic communities. A good example is my own State of Washington where the need for training in international studies is becoming even more critical because of the State's growing involvement in international trade.

The administration has attempted to justify the cut in funding by saying that it would eliminate only a very small portion of university funding in these programs. The impact on one of the universities in my State, however—the University of Washington—to the contrary, would be disastrous. Approximately 30 percent of the budget of the Henry M. Jackson School of International Studies comes from Title VI. The university has ranked among the top three leading universities in the country which receive support under the title VI program. The University of Washington receives support in East Asian studies, Russian and East European studies, Middle Eastern studies and undergraduate international studies. This support underwrites graduate fellowships, faculty appointments, library acquisition staff support, and regional outreach activities that enhance international studies in high schools and colleges throughout Washington State. Hardest hit will be the ability to carry on Russian, Chinese, Japanese, Korean, East European, and Middle Eastern studies. Given the problems we face in international trade and national security affairs, there is universal agreement in these fields that present funding is inadequate and should be substantially increased.

It is clear that Federal support for the University of Washington's International Education Centers, is very vital to the State of Washington. The university's program directly benefits the economy of the State of Washington, particularly the export sectors of the economy.

International education also serves a vital need for Northwest businesses. Federal funds allow the university to develop partnerships with representatives from the private sector in conducting seminars and workshops on foreign countries like Japan, China and the Middle East. Students and faculty participating in international fisheries programs have helped to strengthen cooperative agreements between the U.S. and the Soviet Union.

The United State's economic, cultural, and philosophical strength is due to this country's commitment to quality education for all citizens through programs like international education.

Becky Timmons, from the American Council on Education recently pointed out the impact the administration's cuts would have on a national level. Ms. Timmons states: "If this budget request were to be accepted, its impact would be devastating. Its approval would effectively shut down international and foreign language programs on U.S. campuses."

Ms. Timmons goes on to say: "Federal support is absolutely critical in leveraging the extraordinary expense of maintaining low enrollment but nationally important foreign language and area study courses."

I agree with Ms. Timmons, and in the interest of the Nation and the State of Washington, I hope that Congress and the members of this committee will soundly reject the administration's recommendation and increase funding for title VI.

Thank you.

STATEMENT OF HON. NORMAN D. DICKS, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF WASHINGTON

Mr. DICKS. Well, Mr. Chairman, it is always a great honor to be before this committee. I want to compliment you for the hearings that you are holding on this very important subject. I have a very brief statement which I would like to present.

Mr. Chairman, I would like to thank the members of the subcommittee for providing me with the opportunity to address the important topic of international education. As the members of the committee know, this is the second consecutive year that the administration has made no funding request for title VI in the Fulbright-Hayes 102(b)(6) program.

This action is taken as part of a planned elimination of nine small categorical programs together totaling just over $143 million in current funding. The effect of this action would be to eliminate all Federal support for foreign language and area studies at a time when the need for greater competence in this field is recognized by the business, defense, intelligence, and diplomatic communities.

For instance, in the State of Washington, the need for training in international studies is essential because of the State's extensive involvement in international trade. The administration has attempted to justify the cut in funding by saying that it would eliminate only a very small portion of university funding in this area. However the effect on one of the universities in my State, the University of Washington, would be very substantial. Approximately 30 percent of the budget of the Henry M. Jackson School of International Studies comes from title VI. The University of Washington is ranked among the top three leading universities in the country that receive support under the title VI program. The University of Washington receives support in East Asian studies, Russian and East European studies, Middle Eastern studies, and undergraduate international studies.

This financial support underwrites graduate fellowships, faculty appointments, library acquisition staff support, and regional outreach activities that enhance international studies in high schools and colleges throughout Washington State.

Hardest hit will be the ability to carry on Russian, Chinese, Japanese, Korean, East European, and Middle Eastern studies. Given the problems we face in international trade and national security affairs, there is universal agreement that present funding is inadequate and should be substantially increased. It is clear that Federal support for the University of Washington's International Education Centers is very vital to the State of Washington.

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The U.S. economic, cultural, and philosophical strength is due to this country's commitment to quality education for all citizens through programs like international education. Becky Timmons from the American Council on Education recently pointed out the impact the administration's cuts would have on a national level. Ms. Timmons states, quote, "If this budget request were to be accepted, its impact would be devastating. Its approval would effectively shut down international and foreign language progams on U.S. campuses." Ms. Timmons goes on to say, "Federal support is absolutely critical in leveraging the extraordinary expense of maintaining low enrollment, but nationally important, foreign language and area study courses."

I agree with Ms. Timmons and in the interest of the Nation and the State of Washington, I hope that Congress and members of this subcommittee will soundly reject the administration's recommendations and provide increased funding for title VI.

I might just add parenthetically that if history shows us anything, our involvement both in Vietnam and Iran, proved the importance of training in the languages and historical and cultural patterns of foreign countries. In my view, the more we can do in this area, the better off we are going to be as a country. I realize, Mr. Chairman, that part of the responsibility here will fall on the Appropriations Committee and though I do not serve on the Health and Human Services Subcommittee on Appropriations, I try to work very closely with those members and we will do our part in trying to provide support. But you have been the leader in this area and I think you have done an outstanding job for our country in the entire field of education and, particularly in higher education. I just want you to know that your work is appreciated and respected and we look forward to working with this committee as you move in the authorization area.

Mr. SIMON. We thank you very, very much for your testimony. Let me just add a word of appreciation. The mayor of Seattle has been very supportive.

Mr. DICKS. Yes, and the mayor's wife has been particularly supportive.

Mr. SIMON. You are correct.

Mr. DICKS. She is always lobbying—she used to lobby me and I can remember when she used to lobby Senator Jackson a great deal about this subject as well. I am sure you heard from them. Roseanne Royer has been terrific.

Mr. SIMON. And in connection with that, since you primarily focus on the defense issues with your Appropriations Committee, it is of interest to me that the Secretary of Defense wrote to the Secretary of Education last year saying, that it was a mistake to zero out these funds, that we desperately need this. In this connection, I would just add something that we talked about briefly earlier today. We have no college or university anywhere paying any attention to Albania. Now Albania is just a very small country, but it is a Marxist country today with a very old leader who isn't going to live forever. We don't know what is going to happen there. We ought to be right now building that inventory of people with knowledge about what is going on there.

Mr. DICKS. Well, you raised a very important point because one of the things that our Committee on Defense Appropriations has jurisdiction over is our intelligence community. One of the things that we keep hearing from the top people in the intelligence community is just the tremendous lack of language skills of young people coming out of our colleges today. It is having a very major impact on their ability to recruit people for various intelligence assignments. So the gentleman, as usual, is correct on that point and it is having an effect on our overall national security posture.

I think Secretary Weinberger who I have disagreements with on some subjects like arms control, I think on this one is correct. I think it does impact on our overall defense capability.

Mr. SIMON. Thank you very, very much, Mr. Dicks.

Mr. DICKS. Thank you, Mr. Chairman, and good luck to you.

Mr. SIMON. Thank you.

Let me add that we will enter into the record statements from Representative Leon Panetta of California and Representative Fofo Sunia of American Samoa.

[Prepared statement of Congressman Leon E. Panetta follows:]

PREPARED STATEMENT OF HON. LEON E. PANETTA, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF CALIFORNIA

I would like to preface my remarks by thanking the distinguished members of the subcommittee for allowing me to testify on the reauthorization of title VI of the Higher Education Act. As you know, I have been interested for some time in improving the foreign language skills and international conpetence of our Nation, and the programs authorized by title VI have played an essential role in that effort.

Unfortunately, in spite of the obvious importance of Federal international education programs to the future of our Nation, we are faced for the second year in a row with a zero budget request for title VI and four essential Fulbright-Hays programs. For this reason, I would like to urge the subcommittee to give serious consideration to a concurrent resolution I introduced along with the distinguished chairman, House Majority Leader Wright, and Representative Boland, which expresses the sense of the Congress that the fiscal year 1985 funding levels for Federal foreign language and international education and exchange programs should be maintained or increased above fiscal year 1984 levels. The approval of this resolution by the subcommittee would be an essential first step toward the reauthorization of title VI, and would establish a track record of strong congressional support for these vital programs.

Five years ago, I had the distinct honor and pleasure of serving with the chairman of the subcommittee, Mr. Simon, on the President's Commission on Foreign Language and International Studies. The Commission was charged with investigating the state of foreign language and international education in this Nation, and with making recommendations for reform. Unfortunately, as we stated in our report to the President, we found that "Americans' incompentence in foreign languages is nothing short of scandalous, and it is becoming worse." The Commission found serious deficiencies in the foreign language capabilities of our diplomatic, intelligence, and international business communities, and linked this dire situation to increasingly poor language training in our Nation's schools and universities. The Commission went on the make many substantive recommendations for reversing this alarming trend in American education, several of which were included in the 1980 amendments to the Higher Education Act, and are now embodied in title VI.

It is my firm belief that the programs authorized under title VI can serve as the essential tools we need to improve the international competence of our Government and business communities. The young people we train through title VI today are tomorrow's diplomats, intelligence experts, and international business people, and we need to provide them with the best training possible in the languages, cultures, and economic systems of other nations. To this end, I applaud the subcommittee's effort to expand and improve these international education programs, and I would like to provide you with my views on several sections of H.R. 5240 which pertain to title VI.

CENTER FOR INTERNATIONAL EDUCATION

First, I would like to express my strong support for the establishment in H.R. 5240 of a center for international Education within the Department of Education. I think we are all aware that the current Office of International Education has been vulnerable to reductions in staff and funding, primarily because it must compete with other, more visible, programs which are also administered by the Office of Postsecondary Education. The Director of the proposed center for International education would report directly to the Secretary of the Department, and would have the functional expertist necessary to administer title VI, independent of the requirements of other postsecondary programs.

In conjunction with the National Advisory Board on International Education Programs, The Director of the center would also advise the Secretary on trends in foreign language student enrollment, and on the best possible means of improving the competence of our Nation in those languages vital to our national security and economic prosperity. Perhaps most important, by serving as a clearinghouse on international Education and exchange programs, the center would be a visible and centralized source of information on the scattered programs administered by different Federal agencies.

CROSS-NATIONAL STUDY FUND

I would also like to voice my strong support for the establishment in H.R. 5240 or a $1 million per year cross-national study fund. The United States has participated in a number of multi-national study programs in the past, and they have given us an excellent indication of how our educational system rates in comparision with other countries. Through the analysis of the curricular structures and teacher training practices of other nations, we have been able to evaluate our own programs and make suggestion for reform. While these studies have historically dealt with elementary and secondary education policy, I would like to suggest serveral areas which I consider appropriate for an expansion of this type of cross-national research.

I know we are all concerned about the growing problems our defense, intelligence, and diplomatic establishments are having in recruiting qualified linguists. Because of my concern in this area, I introduced legislation in the house to create a bureau of language services in the Department of State, which would improve this translation/interpretation services available to our diplomats and political leaders. The idea for this legislation came from my examination of translator sevices in other nations, many of which have highly successful Government training programs. In this connection, I believe it would be appropriate for the cross-national study fund to be used to investigate the recruitment and training of government linguists in other nations, in an effort to improve our own capabilities in this area. I hope the members of this subcommittee will ultimately consider this proposal for inclusion in the report language to accompany H.R. 5240.

I am also convinced that the cross-national study fund could be used to help us improve the foreign language skills and international competence of our international business community. Other nations have properly trained and utilized their young people in the field of international business by making sure they know the languages of international commerce. In contrast, the language competence of the American Business community is deplorable, and this has had a tremendously adverse impact on our balance of trade. I think we should be looking at the methods other nations use to train their young people for international business, and I believe the use of the cross-national study fund would be appropriate for this purpose. Again, I hope the subcommittee will consider making reference to this proposal in the report language to accompany H.R. 5240.

PART B OF TITLE VI—BUSINESS AND INTERNATIONAL EDUCATION PROGRAMS

In its mark-up of H.R. 5240, I would also encourage the subcommittee to consider expanding and improving part B of title VI, which is designed to promote linkages between institutions of higher education and the American international business community, I am concerned that H.R. 5240 makes no reference to the program status of part B, and I would like to suggest three specific proposals which might ultimately improve our ability to compete in the world economy.

First, I think it is essential that we make every effort to ensure adequate funding for those Part B programs which are already in place. Part B was initially authorized at $7.5 million for each of the fiscal years 1981 through 1985, but was actually funded for the first time in FY 1983, at 1983 at $1 million. We need to promote the

expansion of this program, and I hope the subcommittee will consider increasing the FY 1986 authorization for Part B to at least the $7.5 million level.

Second, I hope the subcommittee will attempt to authorize specific programs under Part B in order to ensure that limited funds are spent where they are most needed. I suggest that the subcommittee consider establishing a comprehensive system of financial incentives for business graduate schools to develop or participate in model foreign language programs, and a special fellowship program for business graduate students who demonstrate proficiency in a foreign language. While some would consider this proposal already authorized under the existing provisions of Part B, I think it is essential for Congress to mandate a specific program for which scarce part B resources can be allocated. I would be pleased to work with the subcommittee in developing such a specific proposal.

Third, I believe it is essential for us to establish some means of improving our understanding of the connection between foreign language education and the performance of American business in the international arena. According to the President's Commission on Foreign Language and International Studies, "A major deterrent to continuing cooperation between business, the academic community, and Government in strengthening the international expertise of business is the lack of established lines of communication between them."

There is simply no hard data on how foreign language competence enhances the performance of Ameican business, and no way for business to communicate its needs to the academic community. I think it would be appropriate for the department of education to use part B funds to study the connection between language skills and business performance, through an analysis of the business and education policies of other nations. It would also be useful to compare the economic performance of American firms which employ qualified linguists, with the sales figures of businesses with no language competent employees. The subcommitte might consider this study to be appropriate for the use of cross-national study funds as well.

In closing, I would like to again express my strong support for title VI, and for your comprehensive effort to reauthorize the Higher Education Act. I believe that through an expansion and improvement of Title VI, the Federal Government can help ensure that our Nation has future diplomats, intelligence experts, and corporate executives who are competent in foreign languages and knowledgeable about world affairs. I applaud the subcommittee for its far-sighted leadership in this area and I look forward to working with you on this critical legislation in the weeks and months ahead. Thank you very much.

[Prepared statement of Delegate Fofo I.F. Sunia follows:]

PREPARED STATEMENT OF HON. FOFO I.F. SUNIA, A DELEGATE IN CONGRESS FROM THE TERRITORY OF AMERICAN SAMOA

I am pleased to have the opportunity to testify before this Subcommittee today. The territory of American Samoa is greatful that you are providing this chance to present some of our most serious and long-standing concerns relating to the reauthorization of the Higher Education Act of 1965 as amended.

In the years that I have been serving as a representative in or for the territory of American Samoa, I have not found such compelling and challenging problems as those that we now face. It is for this reason that I support the reauthorization of this act and hope to outline the benefits that this program has provided to our territory for you today. At the same time, I hope you will accept my suggestions for improving the administration of this act where American Samoa is concerned.

I ask that this written testimony be accepted for the record, expecting that, orally, I might just summarize the key points. The education problems and needs of the territories are extensive and complex. I have a long, long list of concerns which have been identified and tackled in recent years. But, knowing that we could not possibly cover all of these concerns at this opportunity, I have selected just a few of the most important concerns and proposed actions to bring to your attention.

The first area that I would like to touch on are the requirements for the Title III discretionary grant programs in the Higher Education Act, and the only one which provides direct institutional assistance to eligible colleges and universities.

The circumstances and needs of the Territory of American Samoa is very different from those of the States. Yet, typically federal programs such as Title III are designed to serve national needs. Priorities are extended more or less automatically to American Samoa without much thought as to our difficulty in qualifying under its major eligibility requirement. As many of you know Title III awards are made on the basis of the percentage of Pell Grant recipients we have. I must point out that since the American Samoa Community College is the only institution of higher edu-

cation in our territory and since it is one of only a few geographically accessible to our sister island Western Samoa, a large part of our full time student body consists of Western Samoans. These Western Samoans are included in the Department of Education's figures when determining our Pell Grant eligibility for Title III program and these students are not eligible for the benefits of the Pell Grant program. This criteria has made our efforts at qualifying for this program almost futile.

Most of the proposed changes to improve institutional access to available funds, assure that the intent of Congress—as expressed in the 1980 amendments—is carried out and provides for productive relationships between developed and less well-developed institutions of higher education, but this item deserves attention as a modification.

We have continued to press for reconsideration by the Department of Education of proposals and applications for grants under Title III because the Secretary had proposed to waive inappropriate eligibility criteria for territorial institutions. I urge you to recognize the unique needs of the territories for federal assistance in developing their postsecondary educational institutions. I believe that an effective approach would be to establish a set-aside of a specified amount of a percentage of the funds authorized or appropriated for Title III, to be used for assisting territorial institutions in their development needs and plans.

In a matter of paramount importance to me, I must ask for the subcommittee's assistance with an endowment for our college totalling $3 million. American Samoa Community College is considered a land grant college which thus established the community college's eligibility for various Federal land grant institutional support.

Under the First Morrill Act, in lieu of an actual land grant, an authorization for $3 million was appropriated. At this point our college has not seen that funding. That appropriation occurred in 1980, four years ago.

I must add also, that the college of the Virgin Islands and the University of Guam have already received provisions enacted through the Education Amendment of 1972. Neither our community college or the college of Micronesia have received funding or an explanation.

Subsequent to the "endowment" authorization in the Education Amendments of 1972, an appropriation of $3 million each was provided for those two institutions and disbursed by the then Office of Education in the Department of Health, Education and Welfare. Also, these two territories began receiving $50,000 annual grants permanently authorized under the Second Morrill Act, also disbursed by the then Office of Education.

Our community college has anticipated this funding for some time to no avail.

Before describing our student assistance programs, I feel that it is necessary for me to recap the results of a study mandated by Section 1204(B) of the Higher Education Act of 1980 under the Department of Education.

This one research effort has provided an invaluable service to our education program and illustrates the plusses and minuses being experienced by our community college.

According to that research, American Samoa Community College offers many advantages for our students.

It offers post secondary education on island.

Generaly it offers flexible programs to meet local needs.

It offers extensive remediation

It offers some good preparation for transfer to mainland colleges.

However, they have their share of problems:

American Samoa Community College is financially unstable.

Many times our students are not as well prepared for college level work; so the college must either spend a lot on remediation or else lower academic standards or both.

It is not able to meet one of American Samoa's most pressing needs for postsecondary education—vocational and technical education.

It draws its students from a small population and has difficulty competing with mainland colleges for territorial students.

American Samoa is eligible for six major financial aid programs, including three direct grant programs, two loan programs, and a work/study program. The Basic Education Opportunity Grant (BEOG) program, which provides up to $1750 per year for low-income students is by far the largest and most important for territorial students. Recent figures show that American Samoa Community College participated in BEOG for $54,000 and in College work study (CWS) for $30,000.

The federal student assistance programs provide critical resources for territorial postsecondary education. It has made it possible for most American Samoan students to go to college. It has increased the trained manpower for the territories. The

work/study program has provided valuable work experience and it has given our students the freedom to choose where and what to study.

While this assistance has been most helpful, a major change is needed for the provision of federal funds for fiancial aid to territorial postsecondary education students. The existing aid program has created a few disadvantages for us. With the availability of these funds, many of our students are drawn away from the territories to attend colleges or universities throughout the mainland.

Since student financial aid is the greatest source of federal funds for postsecondary education, the lion's share of federal funds for territorial postsecondary education (probably no less than $40 million annually) goes into institutions outside the territories. Territorial institutions, due to low tuition and federal neglect, receive barely $1 million annually in federal student financial aid. They also lost most of the better prepared students and thus enroll a high proportion of the territories' academically deficient and financially disadvantaged students. It is estimated that some 6,000 to 8,000 territorial students are attending colleges outside the territories while roughly 7,000 students are enrolled at territorial institutions.

The flow of territorial students to college abroad has led to other disastrous results as well. Some mainland colleges actively recruit territorial students because of the federal financial aid they bring. These schools often provide inferior postsecondary education, and many students drop out or receive worthless degrees. Add to that the fact that the best and brightest students often do not return.

What I have said is not to negate the value of the few who do succeed and return to productive and leadership roles in the terrorities. But the results do not warrant the huge amounts of federal [illegible] invested in the effort. Much of the money that is spent is wasted, while o[illegible]rial institution, which is inherently better able to do a large part of the job[illegible]hout adequate federal assistance.

I want to urge you to rec[illegible] effect on American Samoa, and all the territories, for that matter, of the [illegible] financial aid provisions in Title IV of the Higher Education Act and consider major alternative approaches. One approach would be to provide those funds to territorial governments, giving them a direct management role to assure proper and productive use of the money.

By having a direct involvement in the major financing of postsecondary education, American Samoa could assure that students are adequately prepared before they go away to college, that they make satisfactory progress as long as they are receiving financial assistance to attend college outside American Samoa, and that they return to the territories upon completing their studies. Currently, no one controls these factors. Our institution could also be assured adequate funds and qualified students for programs they are better able to provide.

Only an organization such as this subcommittee could begin to make this change, since the U.S. Department of Education has maintained solid opposition to interfering with what it perceives as individual entitlements guaranteed by law which Congress specifically intended to extend to individuals in the U.S. territories.

Under Title V, this act assists us with bringing our people back home by establishing a Talented Teacher Fellowship for added study, research or travel to recognize outstanding teachers and to retain them in elementary and secondary school systems. I am pleased that the law would require that the recipient return to the same school district to teach for at least two years following the one-year fellowship. This would enable only one, but at least one of our instructors to seek training in the rich and extensive diversity of expertise and assistance resources that exist in the states.

In considering Title VII for Construction, Reconstruction and Renovation of academic facilities of the Higher Education Act amendments, there are several key points to be made. Territorial institutions need federal funds to support basic needs, while most federal programs are designed to be only supplemental. Unlike the states, we are still trying to develop an educational infrastructure. We need buildings, plans, management, faculty, and so on. But our weak local economics limit the local revenues available for such large and basic needs. American Samoa's institution needs more development assistance—just as mainland colleges needed help 10 to 20 years ago. One of our local officials said, "We're out of step with the U.S. educational system. It's already developed—and we're still scratching the surface."

Our college too often tries to shape activities to fit federal programs, and that is nearly impossible. They need federal programs that fit their needs and I feel that the reauthorization of the act could help change that inadequacy.

Finally, I urge you to consider American Samoa and all the territories of the Pacific in the reauthorization of the Higher Education Act of 1985. I extend my sincere thanks to you for all the attention given to higher education in American Samoa.

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Mr. SIMON. The subcommittee hearing stands adjourned.

[Whereupon, at 11:07 a.m., on April 4, 1984, the hearing was recessed until 1 p.m. the same day.]

[Material submitted for inclusion in the record follows:]

OPENING STATEMENT OF HON. PAUL SIMON, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF ILLINOIS AND CHAIRMAN, SUBCOMMITTEE ON POSTSECONDARY EDUCATION

THIS MORNING'S HEARING WILL FOCUS ON THE INTERNATIONAL EDUCATION PROGRAMS IN TITLE VI OF THE HIGHER EDUCATION ACT. H.R. 5240, THE HIGHER EDUCATION ACT AMENDMENTS OF 1984 PROPOSES SIGNIFICANT IMPROVEMENTS IN A RANGE OF FOREIGN LANGUAGE AND INTERNATIONAL STUDIES PROGRAMS WITHIN THE DEPARTMENT OF EDUCATION. H.R. 5240 WOULD:

* CREATE A CENTER FOR INTERNATIONAL EDUCATION WITHIN THE DEPARTMENT OF EDUCATION, HEADED BY A DIRECTOR APPOINTED BY THE SECRETARY OF EDUCATION. THE CENTER WOULD, AMONG OTHER THINGS, SERVE AS A CLEARINGHOUSE FOR INFORMATION REGARDING FELLOWSHIPS AND OTHER SUPPORT FOR FOREIGN LANGUAGE STUDY AND EXCHANGES;

* SUPPORT INTENSIVE FOREIGN LANGUAGE INSTITUTES;

* PROMOTE FACULTY AND STUDENT STUDY ABROAD;

* ESTABLISH A FOREIGN LANGUAGE PERIODICAL CENTER; AND

* CREATE A CROSS-NATIONAL STUDY FUND FOR RESEARCH.

A RECENT REPORT BY THE NATIONAL ADVISORY BOARD ON INTERNATIONAL EDUCATION PROGRAMS HIGHLIGHTS SOME CRITICAL NEEDS IN INTERNATIONAL EDUCATION. I WOULD ASK THAT THE ADVISORY BOARD'S 19 "RECOMMENDATIONS FOR ACTION" BE INCLUDED AT THIS POINT IN THE HEARING RECORD.

THE SUBCOMMITTEE HAS RECEIVED SOME TESTIMONY RELATING TO THE INTERNATIONAL EDUCATION PROGRAM IN OTHER HEARINGS, BUT TODAY WE WILL BE ABLE TO DEVOTE MORE TIME AND ATTENTION TO THIS CRITICAL AREA.

I AM VERY PLEASED AND HONORED THAT WE WILL HEAR TESTIMONY THIS MORNING FROM A VERY DISTINGUISHED GROUP OF WITNESSES. OUR FIRST WITNESS IS FORMER UNITED NATIONS AMBASSADOR, DONALD MCHENRY. MR. AMBASSADOR, WE ARE DELIGHTED TO HAVE YOU HERE TODAY.

FOLLOWING THE AMBASSADOR'S REMARKS, WE WILL HEAR FROM TWO UNIVERSITY PRESIDENTS, S. FREDERICK STARR OF OBERLIN COLLEGE, AND JOHN SILBER OF BOSTON UNIVERSITY. FOLLOWING THEIR REMARKS WE WILL HEAR TESTIMONY FROM THREE DISTINGUISHED MEMBERS OF THE HOUSE OF REPRESENTATIVES. AMBASSADOR MCHENRY, IF YOU WOULD LIKE TO BEGIN YOUR TESTIMONY.

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Committee on Education and Labor

H.R. 5240

FACT SHEET
HIGHER EDUCATION ACT AMENDMENTS OF 1984
(H.R. 5240)

The Higher Education Act of 1965, as amended, includes a wide variety of programs of institutional assistance, student assistance and services, and programs which contribute to the role colleges and universities play as a community, national and international resource. These programs were developed over the past three decades in response to demonstrated needs and the emerging Federal role in postsecondary education. In recent years, however, the panoply of Federal higher education programs have become increasingly burdensome for administrators and too complex for parents, eligible students and others to understand, and difficult for Congress to oversee and fund in a way which assures effective and efficient achievement of legislative intent.

The reauthorization legislation (H.R. 5240) introduced by Representative Paul Simon and 25 Members of the House on March 22, 1984, emphasizes four basic themes:

(1) Expanded access for needy undergraduate and graduate students;

(2) Simplification of student aid and institutional assistance programs, with special emphasis on institutions serving minority and low income students;

(3) Enhanced quality through library support, assistance for faculty study and teaching abroad, merit scholarships for future teachers and graduate students in certain disciplines, and improved research facilities and instrumentation loans and grants; and

(4) New endowment development programs to assist in institutional growth.

The reauthorization provisions are highlighted by the following major changes in the existing law: (1) reorganization of the student aid programs into one work (College Work Study), one loan (Guaranteed Student Loan), and one grant to be used at the discretion of the institution; (2) establishment of an expanded continuing/community education program—including a correctional education program, the Veterans Costs of Instruction, a literacy initiative and educational outreach; (3) rewriting the teacher education and teacher preparation title to provide scholarships for students who intend to teach, fellowships for talented teachers, discretionary grants for college-school partnerships and grants to colleges and universities to improve curriculum, field experience and teaching methods for student teachers; (4) significantly expanding the Cooperative Education program to provide more private sector career-relevant work opportunities for all students; (5) creation of a new endowment grant assistance program; and (6) encouragement of faculty study and teaching abroad.

TITLE I—CONTINUING AND COMMUNITY POSTSECONDARY EDUCATION

In order to improve the delivery of continuing education programs through Title I of the Higher Education Act, the following recommendations are made:

(1) Eliminate Part A—Establishment of the Commission on National Development in Postsecondary Education;

(2) Revise Statewide planning and information functions in Part A;

(3) Eliminate the National Advisory Council on Continuing Education; and

(4) Redesign Title I as follows;

Part A: Education Outreach Programs funded at $20 million for FY 1986, $30 million for FY 1987, $40 million for FY 1988, $50 million for FY 1989, and $60 million for FY 1990;

Part B: Literacy Training;

Part C: Educational Programs for Correctional Facilities; and

Part D: Veterans Cost of Instruction Program.

TITLE II—STRENGTHENING LIBRARY RESOURCES

The revised Title II will include the major library programs: Resource Development Grants and Training (Part A) and Research and Development Grants (Part B). The Research Library function will be retained in the proposed revisions of Title II of the Act, while the Periodical Centers for Foreign Language Materials will be placed in Title VI of the Act.

In order to improve the delivery of library resources through title II, the following recommendations are made:

(1) Target resource development grants on needy schools by establishing criteria which must be met in order to receive a grant;

(2) Place more emphasis on technologies and strengthening minority education programs. (Training, Research and Development);

(3) Eliminate Part D, except for the foreign language periodical system which would be transferred to Title VI; and

(4) Establish a unit in the Office of Postsecondary Education responsible for all library programs.

TITLE III—INSTITUTIONAL AID

The revised Title III includes four parts:

Part A: Strengthening Institutions;

Part B: The Black College and University Act;

Part C: Challenge Grants; and

Part D: Hispanic Institutions.

Part A incorporates the current eligibility criteria (Pell Grant/Campus-based awards and low educational and general expenditures) and the program activities in Part A and B of Title III. The 30 percent setaside for junior and community colleges is retained. In addition, the changes are:

(1) Clarify Part A eligibility to assure continuing eligibility for all planning grants (one year) and 1–3 year grant recipients, while all 4–7 year grantees would be denied further access to the program, except for Challenge Grant purposes, unless granted a waiver (provided for in law) by the Secretary;

(2) Require the Secretary to use the most recent and relevant student assistance data in making eligibility determinations, i.e., advancing the base-year one year forward following each annual grant cycle;

(3) Establish a mandatory waiver mechanism for institutional eligibility and a discretionary waiver governing continuing program participation (beyond) the seven year graduation data) when certain statutory criteria are met;

(4) Mandate that all administrative provisions affecting eligibility, uses of funds, program activities, etc., be included in regulations which comply with the Administrative Procedures Act and the Higher Education Act in providing for public comment and legislative review;

(5) Delete Part B of Title III entirely and require use of both Pell Grant and campus-based Title IV assistance to determine institutional eligibility under Part A; and

(6) Extend the endowment grant provisions of the Challenge Grant Act Amendments of 1983 (P.L. 98-25).

The following authorization levels would be established: (1) $175 million in FY 1986 for Part A, increasing that amount by $25 million for each fiscal year thereafter through 1990. The Part C authorization in FY 1986 would be $50 million and would increase by $10 million each fiscal year through FY 1990.

H.R. 5240 establishes a new Part B of Title III, The Black College and University Act. The proposed new Part B in the Higher Education Act would authorize five years of a ten-year program of capital infusion into each of the historically/traditionally black colleges to carry out the following activities:

(1) Purchase or lease of laboratory equipment for use in instruction or research;

(2) Construction, maintenance or rehabilitation of classroom, library or laboratory facilities;

(3) Program development in disciplines where Black Americans are unrepresented or underrepresented; and

(4) Purchase of library materials including books, periodicals, microfilm and facilities for sharing these and other materials.

The institution's award would be based on the number of full time equivalent (FTE) Pell Grant recipients in attendance at the institution during the school year immediately preceding enactment of the law. The legislation provides incentives to institutions which retain and graduate students within five (5) years and additional incentives to those institutions whose graduates are admitted to graduate and professional schools in courses of study or academic disciplines in which Black Americans are underrepresented. The legislation requires the existence of an institutional development plan, and monitoring and accounting for Federal grant funds. The legislation also requires maintenance of full accreditation and each FTE Pell Grant recipient is weighted according to the added cost of educating a disadvantaged student at that institution.

The authorization for FY 1986 would be $150 million, rising $10 million each year to $200 million in FY 1990.

Part C continues the current Challenge Grant program, with minor modifications.

The new Part D provides for a setaside of $10 million (or 15 percent of) in Part A funds for Hispanic institutions. Hispanic institutions must meet the Part A eligibility criteria and have a 40 percent Hispanic student enrollment. All Part A eligibility waivers will apply to Part D.

The Hispanic college setaside and waiver provisions are especially important to low-cost public institutions (in California, Texas and North Carolina) and some private institutions which keep costs low—in order to provide access to lower income students—and are unable to reach the Secretary's minimal point total for institutional eligibility. These institutions possess all the characteristics of less well-developed institutions; however, their students do not have "high average Pell Grant and campus-based awards" because of low tuition at these institutions. Community colleges and four-year institutions in California and Texas, and two-year Vocational-Technical schools in North Carolina would benefit from the mandatory waiver provision.

TITLE IV—STUDENT ASSISTANCE

Pell Grants

The current Pell Grant program would be maintained and its entitlement status clarified. Maximum award levels would be increased to reflect the increases in the cost of higher education. The parameters of the Family Contribution Schedule, for the most part, are established in the statute with the Secretary allowed only to do annual updating. A master calendar for the student aid delivery system is also mandated. The statutory definition of "independent student" will preclude, with the exception of graduate students, a person from being dependent in one academic year and being independent in the next academic year. The Simon bill also:

(1) Provides that the 'cost of attendance' be based on a 3 tier formula tied to the student's living situation, and that 75 percent of tuition, fees and required books would be covered by Pell Grants;

(2) Establishes new funding triggers tied to the Pell Grant maximum ($3,000 in FY 1986, inflated by the CPI minus 1 percent each year through FY 1990) for College Work Study and the Institutional Block Grant;

(3) Permits any student up to five years of Pell Grant eligibility as an undergraduate and eligibility for the first year of graduate or professional school;

(4) Establishes Pell Grant as an entitlement in order to assure funding availability to eligible students and place it on the same footing as the Guaranteed Student Loan program;

(5) Establishes a statutory definition for the "independent student" which presumes dependence for all students below age 24 (and independence for all over age 24, except graduate or professional school students and veterans who would be presumed independent upon enrollment), unless the student can establish that he or she:

(a) Has not and will not be claimed as a dependent on the tax return, for either the year of application or the immediately preceding year, by any parent or guardian;

(b) Has not lived and will not live with any parent or guardian for more than six months during those years;

(c) Has not received and will not receive more than $1,000 from any such parent or guardian during either of those years; and

(d) Had an independent source of income sufficient to indicate financial independence during such immediately preceding year.

College Work Study

Except for the allocation formula, and a flexible, discretionary 10 percent "setaside" for graduate students, the College Work Study program should be retained unchanged.

The new allocation formula would eliminate the State allotment portion of the current law. Under the new formula, the amount of College Work Study money an institution receives would be determined by the sum of two factors in the same ratio to the total of the sums for all eligible institutions.

(1) The total amount of Pell Grants made to students at that institution the previous year; and

(2) The total amount of guaranteed student loans made to students during the previous year.

A 90 percent hold harmless will prevent any institution from experiencing a precipitous decline in this CWS allocation. Authorization for the program should be increased to $600 million for 1986, $650 million for 1987, $700 million for 1988, $750 million for 1989, and $800 million for 1990.

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Institutional Block Grant

The current system of student financial assistance including the two campus-based programs—SEOG and NDSL—and SSIG, is burdensome, plagued with extensive regulations, and allows too little institutional discretion. While students do benefit by receiving assistance from the programs, the manner in which that assistance is made available to institutions, and ultimately to students, leaves much to be desired.

The three programs are combined and institutions would be guaranteed to receive an amount equal to what they received for the three programs in FY 1985 (AY 1985-86). Postsecondary institutions could use the amount of funding for student financial assistance to Title IV Eligible Students, but they would have the discretion to make grants, to extend or to expand awards under the College Work-Study program, or to "capitalize" an institutional-based loan program. The Uniform Methodology and other systems approved by the Secretary would be used to determine student eligibility. Under the Uniform Methodology, a student's and family's income is analyzed along with any significant expenses for medical care, employment, unusual financial situations, the number of people in the family and the number attending postsecondary institutions to determine whether a student needs student financial assistance and if so, how much. The following statutory criteria will be applied to all students applying for institutional Block Grant funds:

(1) Enrolled or accepted for enrollment at an eligible institution of higher education;

(2) Carrying or planning to carry at least one-half the normal full-time workload for the course of study the student is pursuing, as determined by the institution;

(3) Maintaining "satisfactory progress" toward a degree or certificate the student is pursuing according to the standards and practices of the institution at which the student is in attendance;

(4) Owe no refund on grants previously received at such institution under Title IV or be in default on any loan from a student loan fund at such institution or a loan made, insured or guaranteed under Title IV;

(5) File with the institution of higher education which the student intends to attend, or is attending, a statement that the money attributable to such grant, loan or loan guarantee will be used solely for expenses related to attendance or continued attendance at such institution;

(6) Preference for grants to students who demonstrate *exceptional need*; and

(7) Demonstrated financial need.

Allocations to institutions would be based on the same allotment formula as that proposed for the College Work-Study program. Each institution would be held harmless for the first year at the FY 1985 level (for SEOG, NDSL and SSIG), after which a 90 percent hold-harmless would apply.

For those institutions who currently have a revolving fund in the NDSL program, the monies currently available, loan paper not yet collected, and any funds collected in the future could be used to operate an institutional loan program, *at the option of the institution*. No more than one-half of the funds provided the institutional Block Grant could be used to "capitalize" rates would have further restrictions placed on their use of block grant funds for loan purposes. An agreement with the Secretary will spell out operational terms and conditions—based on statutory eligibility and repayment provisions, assuring that institutional loan collections must meet certain standards if the institution is to continue using institutional block grant funds to capitalize its institutional loan program.

Guaranteed Student Loan

The Guaranteed Student Loan program has worked well. The changes that are proposed are for the most part administrative and geared to contain Federal costs in the program while at the same time maintaining access to loans for students:

(1) The Federal Insured Student Loan (FISL) program will be phased down;

(2) The 5 percent origination fee would be eliminated;

(3) Each State will be encouraged to establish an agency to serve as a lender of last resort;

(4) A provision makes the interest rates on GSLs and unsubsidized loans sensitive to rising and falling T-bill rates;

(5) The special allowance is reduced by one-half of one percent to three percent above the bond equivalent of the T-bill rate prior to beginning of the repayment of student loans;

(6) Students would have the option of consolidating eligible student loans, prior to entering repayment, with a lender holding any one of its outstanding loans or the Student Loan Marketing Association. The repayment period may be extended up to 15 years;

(7) All consolidation loans will bear a current interest rate of 9 percent, unless student ALAS loans are included, then the interest rate would be 10.5 percent;

(8) State guaranty agencies will be required to return the Federal advances for the program within five years after receiving them;

(9) All students will have to undergo a "needs" test to determine eligibility for the program;

(10) A provision will be included to enhance the Department of Education's capacity to facilitate collection of GSLs, including making *all* loans payable to the student and the institution;

(11) Undergraduate students will be allowed to borrow up to $3,000 and graduate students will be allowed to borrow up to $7,000 annually under GSL, while parent borrowers will be allowed to borrow their parental contribution in an unsubsidized PLUS (Parent Loans for Undergraduate Students) loans;

(12) Any agency participating in the GSL program will be required to notify Congress of any new lending programs in advance of their implementation; and

(13) A maximum adjusted gross family income of $65,000 will be established by law, defining family income eligibility for the GSL program.

TITLE V—TEACHER PREPARATION

This title essentially was eliminated by the Education Consolidation and Improvement Act of 1981 (P.L. 97-35). Therefore, the title has been completely rewritten. This will accomplish several objectives.

(1) Retain the general purpose of the title, Teacher Preparation and Professional Improvement, in the Higher Education Act.

(2) Reflect recommendations of the Merit Pay Task Force.

(3) Respond to current demands for teacher improvement.

In order to attract the most talented students to teaching, the legislation will establish 10,000 merit-based scholarships (Carl D. Perkins' Scholarships) for high school graduates who wish to enter the teaching profession. The top 5 percent of students would be eligible for the $5,000 scholarships, which would be repaid by graduates through teaching service (two years of service for each year of scholarship assistance received). These scholarships would be granted in addition to any Title IV student assistance, as long as the cost of attendance at the institution were not exceeded in totalling the Title IV aid and the Perkins'

Scholarship. States must submit a plan for outlining the selection criteria, procedures for making awards, and how the program purposes will be achieved.

The bill would establish a Talented Teacher Fellowship to recognize outstanding teachers and to retain them in elementary and secondary school systems. The award would be a $25,000 fellowship for two teachers in each congressional district (and one each for the District of Columbia, Puerto Rico, the Virgin Islands and each of the territories). The fellowship could be used for additional study, research or travel. The law would require that the recipient return to the same school district to teach for at least two years following the one-year fellowship.

The bill will initiate a national program of institutes and workshops for approximately 200,000 educators a year. The training would include advanced instruction in subject matter, teaching techniques and evaluating teacher performance.

The legislation would provide funding to develop programs to provide professional development opportunities for teachers.

There will be a program of grants to colleges and universities to fund research and faculty improvements, to assess their programs and introduce curriculum changes, technologies and enhance practice teaching experiences in teacher preparation programs.

Funding will be authorized to establish exemplary programs to encourage schools of education to redesign and experiment with their teacher training programs.

H.R. 5240 directs the Secretary of Education to assess the current and future supply of teachers in the United States and the territories, and mandates a study by the National Institute of Education of teacher evaluation methods and further research and development of new evaluation methods.

The Merit Pay Task Force recommended that partnerships be fostered between colleges and elementary and secondary schools. Funding for these programs will provide for direct university involvement with schools in their community through sharing of technology, faculty, and consultation on management and administration. The funding will be based on a joint application by school or school district and the college or university.

Finally, Title V provides "such sums" authorizations for the Perkins' Scholarships and the Talented Teacher Fellowships for the five fiscal years beginning in FY 1986. Summer institutes, workshops and other professional development activities are authorized at $75 million for each fiscal year, with the first $50 million reserved for summer institutes. The remaining programs are authorized at $5 million each.

TITLE VI—INTERNATIONAL EDUCATION

Center for International Education

Establishing a Center for International Education within the Department of Education will help to elevate this critical function and insulate international education programs from the neglect and/or hostility of assistant secretaries whose agendas do not include these programs. The Center, under a Director appointed by the Secretary of Education, will provide strategic planning for area and foreign language studies.

In consultation with the Director of the Center, the Advisory Board for International Education will monitor programs and advise the Secretary of Education on such issues as trends in student enrollment that might portend shortcomings in future pools of regional experts and language specialists; the impact of international education programs on international business, foreign policy, and educational needs; and languages and areas of the world which should be considered of special concern to the national security and therefore given high priority for study and support.

The Center will also serve as a clearinghouse for information regarding fellowships and other financial support in the areas of foreign exchanges and foreign language study. The Center will thus become a visible, central source of reliable information on these scattered programs. This function will help to ensure broader dissemination of such information to the general public.

Faculty and Student Study Abroad

Because of the alarming decline in the number of faculty members in higher education who are studying or teaching abroad, the legislation will expand the foreign study programs.

Faculty study abroad will be stimulated via grant awards to institutions of higher education (with preference given for travel to areas deemed of special value to the national interest). Institutions with an enrollment of 1,000 students or more will be eligible for grants totalling $15 times the student enrollment. Institutions with enrollments under 1,000 but more than 500 will be eligible for grants totalling $15,000. (Authorizations for Faculty Study Abroad: $180 million for FY 86 and each of the four succeeding years.)

The Secretary of Education will also be authorized to award grants to institutions of higher education to enable students to develop foreign language skills and increase their knowledge of foreign cultures and areas through study abroad. (Authorization: $5 million for FY 86; $10 million for FY 87; $15 million for FY 88; $20 million for FY 89; and $25 million for FY 90.)

Both faculty and student study abroad grants will be awarded according to a list of priority languages and areas deemed by the Advisory Board to be of special importance to the national security, the international trade, and other interests of the United States.

Other Provisions

A Foreign Language Periodical Center will be established (Authorization: $1 million).

Funding for overseas language centers administrated by the Department of Education will receive additional support (Authorization: $3.5 million for FY 86 and each of the four succeeding years.)

Finally, a new Cross-National Study Fund for research will be established. (Authorization: $1 million.)

TITLE VII—CONSTRUCTION, RECONSTRUCTION AND RENOVATION OF ACADEMIC FACILITIES

Title VII will be revised to eliminate the existing State allotment formulas, but to maintain the basic purposes of the title. Emphasis, however, will be placed on two areas: (1) low-interest loans for construction of academic and research facilities; and (2) matching grants for the purpose of laboratory and instructional equipment.

The proposed changes will be divided into two parts within Title VII:

(1) Part A—will authorize "such sums" for low-interest loans to institutions of higher education for construction, rehabilitation or renovation of academic facilities. The Secretary will make and insure such loans from a revolving fund upon application by an eligible institution. At least 50 percent of the total cost of the proposed project must come from private or State revenue sources.

(2) Part B—will authorize $100 million annually over five years for matching grants to eligible institutions for the purchase of laboratory, research and other instructional equipment.

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TITLE VIII—COOPERATIVE EDUCATION

Cooperative Education is an educational strategy that integrates, in a structured way, on-campus study with off-campus, occupational-related work experience.

Cooperative education students nationwide pay an average of $600 a year in Federal income and employment taxes. With 200,000 students in cooperative programs, this represents revenue to the U.S. Treasury of the magnitude of $120,000 per year. The current Federal investment in cooperative education under Title VIII is $14,400,000. An 800% return on this investment is impressive.

Title VIII enlarges the support for cooperative education programs through five-year grants to colleges and universities to develop comprehensive cooperative education programs. The program would be authorized at $90 million, and be awarded to institutions meeting criteria including the ability to match at 25 percent the Federal contribution, and submission of a five-year plan for the program.

TITLE IX—GRADUATE EDUCATION

Parts A, B and E will be extended in their present form with the following modifications:

Part A—Authorizations for FY 1986 through 1990 will be "such sums as may be necessary".

The Graduate and Professional Fellowship Award ceiling will be increased from $4,500 to $9,000 and the authorization increased to $60 million in FY 1986, $70 million in FY 1987, $80 million in FY 1988, $90 million in FY 1989 and $100 million in FY 1990. Institutions will give priority to the neediest students for awards.

The National Graduate Fellow Program will be renamed the "Jacob K. Javits Fellowship Program". Four hundred and fifty merit-based fellowships will be awarded annually for graduate study in the arts, humanities and social sciences and areas of national interest designated by the Board. The fellowship award will be $9,000 and the program will be authorized at $60 million.

The CLEO Program would be modified in minor ways, and authorization levels for CLEO would increase to $5 million in FY 1986 and would add $1 million each year thereafter through FY 1990.

TITLE X—FUND FOR THE IMPROVEMENT OF SECONDARY EDUCATION AND THE MINORITY INSTITUTIONS SCIENCE IMPROVEMENT PROGRAM

FIPSE will be extended as a separate entity within the Department of Education. The Minority Institutional Science Improvement Program (MISIP) will be established as a separate entity under Title X.

TITLE XI—URBAN GRANT UNIVERSITIES

Title XI authorizes an *Urban Grant University Program* (sec. 1101–1105) for the purpose of aiding urban universities to help address urban problems and to make their resources more readily and effectively available to the urban communities in which they are located. The authorization for this program is $15 million for FY 1981, $25 million for FY 1982, $35 million for FY 1983, $45 million for FY 1984, and $55 million for FY 1985.

A simple extension of Title XI, as proposed by Representatives Ford and Coleman in H.R. 3384, is incorporated in H.R. 5240.

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TITLE XII—ENDOWMENT DEVELOPMENT

This new program would make $600 million available to the Secretary of Education to award institution endowments. The maximum award an institution could receive would be $500,000 and an institution will be eligible for only one award. Minimum awards would be to $100,000. The amount an institution receives will be based upon its need as determined by its educational and general expenditures as compared to other similar institutions; the number of students attending the institution who receive need-based student financial assistance from all sources; the average amount of student assistance received by students as compared to the average amount of assistance received by students at comparable institutions; and the amount of endowment that the institutions possess as compared to other similar institutions.

TITLE XIII—GENERAL PROVISIONS

The General Provisions section establishes new authorization levels for Howard University, Gallaudet College and the National Technical Institute for the Deaf for FY 1986 and "such sums" authorizations for the remaining four fiscal years. A new authorization for the John W. McCormack Institute at the University of Massachusetts is also provided.

A new 21 member National Advisory Commission on Postsecondary Education is also established to advise the Secretary and the Congress on matters affecting higher education, including continuing education, student assistance and services, college libraries and facilities, teacher preparation, and institutional endowments.

A new provision governing congressional review and adoption of all regulations promulgated by the Department of Education governing higher education programs is also included. No regulation which is not adopted by a joint resolution of the Congress, and signed by the President, would become effective.

PREPARED STATEMENT OF DR. J. DAVID EDWARDS, DIRECTOR, JOINT NATIONAL COMMITTEE FOR LANGUAGES AND DIRECTOR, COUNCIL FOR LANGUAGES AND OTHER INTERNATIONAL STUDIES, WASHINGTON, D.C.

The Joint National Committee for Languages supports H.R. 5240 reauthorizing Title VI, International Education and Foreign Language Studies, of the Higher Education Act. JNCL is an organization composed of twenty-nine of the nation's major language associations representing the interests of over 200,000 language professionals with expertise in all areas of the field including technology, the less commonly taught languages, the classics, translation, English as a Second Language, and bilingual education. We also represent a number of associations concerned with the relationship of languages to technology, such as the International Association of Learning Laboratories and the National Association of Self-Instructional Language Programs. JNCL considers this legislative initiative of vital importance to the profession, our students, and the nation.

Recent reports, such as A Nation At Risk: The Imperative for Educational Reform and the Report of the Task Force on Federal Elementary and Secondary Education Policy of the Twentieth Century Fund, have addressed the decline of educational quality in the United States. These, along with numerous other national studies, including the Report of the National Advisory Board on International Education Programs, specifically mention a national need for increased and improved foreign language and cross-cultural skills. Schools, colleges and universities must ensure that their graduates have the knowledge to understand world events affecting them

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and the language skills required to function effectively and abroad," reports the National Advisory Board on International Education Programs. A Nation At Risk declares that "Study of a foreign language introduces students to non-English speaking cultures, heightens awareness and comprehension of one's native tongue, and serves the nation's needs in commerce, diplomacy, defense, and education." Furthermore, the Task Force of the Twentieth Century Fund reports that "From a national perspective, young men and women with proficiency in foreign languages are sorely needed now that we are increasingly involved in competitive trade and investment with the rest of the world," and the Carnegie Foundation for the Advancement of Teaching insists that the time has come "to stress the centrality of language and link the curriculum to a changing national and global context." These studies, among others, leave little doubt that foreign language study and international education have experienced declining enrollments, teacher shortages, program eliminations, and a diminished place in the curriculum. In this regard, we are pleased to consider H.R. 5240 as legislation that is vital to achieving a renewed national commitment to educational excellence in our nation's schools.

At a low point a few years ago, only fifteen percent of all United States students, from seventh grade through graduate school, were enrolled in the study of a foreign

language. That figure itself was probably misleadingly optimistic, since only three percent of these students pursued a foreign language beyond the second year of study. Only eight percent of the colleges of this country required a foreign language for admission. Even in those areas where there was evidence of increased enrollments, the figures were approximately 3,000 students in Arabic, 10,000 in Chinese, and 11,000 in Japanese, out of a college enrollment of almost 10 million. The Modern Language Association is currently in the process of compiling the data for the last few years, and we anticipate that we will see an increased demand for language study, although the numbers will still be highly inadequate in terms of our national needs. It is noteworthy, as well, that the increased demand is largely in these aptly named "Less Commonly Taught or Critical Languages" such as Arabic, Chinese, and Japanese.

As the ability to speak the languages of our customers and clients becomes a necessity for survival in a competitive global economy, our schools must be training individuals with the language and cross-cultural skills requisite to success in international markets. Already, the inability to communicate in other languages and to understand other cultures has cost, and unless rectified will continue to cost, a great deal of money in missed investment opportunities, poor marketing strategies, inappropriate advertising, and

needless mistakes in economic planning and forecasting. This is evidenced by the fact that the United States' share of the world export market has declined from fifteen to twelve percent in recent years. It is thus apparent that if America is to compete with other nations for world markets, among the requirements its business leaders will have to meet is the ability to communicate with foreign counterparts.

It is equally essential to our national security that we understand the cultures and actions of our international allies and competitors. The contributions of foreign language competence to the nation's military capability -- in command, intelligence operations, logistics, survival skills, and community relations are vital to our nation's security. Without language facility, intelligence specialists are severely limited in the short term and are incapable of developing accurate longer-term analysis based on an understanding of the culture which the language conveys. Only with language and cultural skills can we hope to conduct effective foreign policy and ensure the integrity of our national defense.

The Joint National Committee for Languages, on behalf of the language community, considers the Title VI provisions of this legislation essential in rectifying our national deficiencies in foreign language and international education.

The JNCL strongly supports:

1) The creation of a foreign language library of resource materials. The library should include printed materials as well as audio-visual and computer software materials, and it should serve as a central information and reference facility on foreign language programs and related activities, including the activities of professional associations.

2) The establishment of a National Center for International Education. In light of the vital need for coordination, exchange of information, and promotion of international education, foreign language, and international exchange programs, JNCL feels that the idea of a National Center should be expanded eventually to a National Endowment for International Education similar to the existing National Endowment for the Humanities (NEH) and National Endowment for the Arts (NEA). We concur with the Modern Language Association that an Endowment could serve as a "central agency for monitoring and coordinating language activities, developing and improving programs of instruction, and gathering and disseminating information related to language study." JNCL believes that coordination of activities in languages, area studies, global education, and exchanges is of major importance to national security, diplomacy and trade. Since these are national interests, they should be within the purview of a unified program developed and coordinated by a federal agency.

3) The funding and expanded use of regional resource centers. Five years ago, the President's Commission on Foreign Languages and International Studies recommended "the creation of 15 to 20 regional centers to reinvigorate and upgrade language competency and cultural awareness among teachers." While we concur with the intent of

H.R. 5240 that intensive summer and year-long language centers are necessary, the establishment of a set of regional language teaching resource centers might include other functions as well. Among such functions would be:

a) additional support for research in language pedagogy.
b) preparation of language teaching materials.
c) promotion and support of teacher-training workshops.
d) development of certification standards.
e) development of self-instructional programs.
f) development of programs of individualized instruction.
g) development of language tests and establishment of standards of proficiency.
h) collection and dissemination of information relating to language learning, including information on available grants.
i) development of special programs in translation and interpretation.

4) <u>The establishment of a fund for conducting cross-national studies</u>. Such studies would provide a valuable mechanism for program evaluation and identification of successful foreign language and international education programs worldwide. Several studies which would prove useful have been identified, including:

a) evaluative research on existing nationally-supported language programs.
b) research on the effective use of institutes and other inservice programs for language teachers.
c) follow-up surveys to obtain detailed information about programs in the less commonly taught languages, including research on proficiency levels, student population, contact hours, methods, and materials used, etc.
d) evaluation of study time, national proficiency standards and examinations.
e) research on existing applications of technology in language teaching, the availability of technology, and identification of model programs on a global scale.

f) A survey of articulation plans or other programs of sequential language education.

g) A survey of study-abroad programs, research on existing models, and an international conference of experts to review evaluation criteria and factors affecting the quality of programs.

h) A survey of language-for-business programs and export programs involving linkages between foreign language capabilities and national business needs.

i) An identification of types of support and funding provided for language and international studies in other nations.

j) An assessment of the extent and the type of language programs developed for diplomatic and military usage.

5) <u>An increase in the number of grants awarded for faculty study abroad</u>. Since foreign language education requires constant practice and upgrading of one's skills, opportunities and incentives enabling teachers to retain and enhance their skills must be significantly increased. Mr. Richard Brod, Director of Foreign Language Programs at the MLA, has reported that "Even for teachers who have received training of high quality and have profited from their work experience, revitalization of skills and knowledge is a periodic necessity." Mr. Brod insists that "The common phenomenon of 'teacher burnout' is particularly critical for foreign language teachers, since they almost inevitably grow 'rusty' in their language skills when they do not have regular contact with native speakers of the language, even if they are native speakers themselves."

6) <u>The establishment of a grant program for funding less affluent students from developing nations</u>. Though our exchange programs have proven highly successful, these programs remain somewhat inaccessible for all but the most fortunate citizens of developing countries. It thus seems

necessary to appeal to a broader segment of the populous which will, among other things, enable these students to return home with a greater knowledge of how to contribute to the development of their own societies. Equally important is the opportunity for American students to gain greater awareness of cultures and traditions unlike our own through contact with individuals from a different societal stratum in the developing countries.

7) The establishment of a grant program for undergraduate exchanges for American students: To quote Professor Eleanor Jorden, Past President of the Association of Teachers of Japanese, "If foreign language students do not become familiar with the society in which the target language is used, they have gained a skill of dubious benefit." Undergraduate exchange programs, among other things, allow students to develop or maintain proficiency in a second language, enhance their understanding of another culture, and acquire an awareness, to quote Governor Terry Branstad, "of the importance of their role as participants in an increasingly interdependent world."

In conclusion, the Joint National Committee for Languages and its twenty-nine member organizations support the intent of the Reauthorization of the Higher Education Act and specifically changes in Title VI. We are aware of the pressing national needs this legislation identifies, and we commend the Subcommittee on Postsecondary Education for its leadership and foresight in addressing these needs.

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HEARINGS ON THE REAUTHORIZATION OF THE HIGHER EDUCATION ACT

WEDNESDAY, APRIL 4, 1984 (AFTERNOON)

HOUSE OF REPRESENTATIVES,
COMMITTEE ON EDUCATION AND LABOR,
SUBCOMMITTEE ON POSTSECONDARY EDUCATION,
Washington, DC.

The subcommittee met, pursuant to call, at 1:35 p.m., in room 2257, Rayburn House Office Building, Hon. Steven Gunderson presiding.

Member present: Representative Gunderson.

Staff present: William A. Blakey, counsel, and John E. Dean, Republican assistant counsel.

Mr. GUNDERSON. I have been asked by the chairman to begin the hearing. He is being detained. As you know, there are a number of markups going on in other committees, and we are debating something called the budget on the floor of the House.

[Opening statement of Congressman Paul Simon follows:]

OPENING STATEMENT OF HON. PAUL SIMON, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF ILLINOIS AND CHAIRMAN, SUBCOMMITTEE ON POST SECONDARY EDUCATION

This afternoon's hearing continues a dialogue many of us have participated in for over two decades, I am hopeful that this hearing will address the spectrum of issues related to the appropriate federal role in federal financial aid, the proper focus of our programmatic efforts, and funding commitments to low and middle-income students and to Postsecondary institutions.

The Higher Education Act Amendments of 1984 (H.R. 5240) refocuses student financial aid on the neediest student to ensure that the student who could not begin, or would not complete, an education, because of high costs and limited family resources, will have the opportunity.

H.R. 5240 proposes significant improvements in the federal financial aid programs. Two of the basic themes: (1) expanded access for needy undergraduate and graduate students; and (2) The simplification of the student aid programs underlie all of the programmatic changes.

H.R. 5240 simplifies student aid programs with on grant, one work and one loan program, along with an institutional block grant program. The student financial aid programs were created by Congress over the last two decades. The purpose was to make funds available to students who had no other way to finance their education. In today's economy with nationwide unemployment at 7.8%, youth unemployment at 19.3% and minority youth unemployment at 43.5%, it is time to refocus these programs to address the need they were created to serve.

I am looking forward to hearing from today's witnesses on the specific and the broad policy questions raised in H.R. 5240.

I am very interested in receiving recommendations regarding the proposals in H.R. 5240 that make changes in federal student financial aid programs, including making the Pell Grant program an entitlement, merging SEOG, NDSL and SSIG into Institutional Block Grant, the modification of the "half-cost" provision and the "Independent student" definition, among other issues.

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In this room this afternoon we have the majority of this country's brain trust on student financial aid issues. I look forward to your testimony and welcome each of you this afternoon.

Mr. GUNDERSON. With that we will begin with our first witness, Dr. Hanford.

STATEMENT OF GEORGE HANFORD, PRESIDENT, THE COLLEGE BOARD, ACCOMPANIED BY GERALD T. BIRD, ASSISTANT DEAN FOR STUDENT FINANCIAL AID, UNIVERSITY OF ALABAMA

Mr. HANFORD. Thank you, Mr. Chairman. I am George Hanford, president of the college board. I am accompanied by Gerald T. Bird, assistant dean for student financial aid at the University of Alabama in Birmingham, who is a member of the college scholarship service council of the college board.

Mr. Chairman, the legislation you have introduced, H.R. 5240, strikes many responsive chords, for we share with you a commitment to broaden educational opportunity by helping students overcome both financial and academic barriers to higher learning.

We commend, for instance, those parts of H.R. 5240 which will reinforce efforts already underway across the country to upgrade the quality of education. Your invitation to this hearing, however, requested me to address the student aid and related aspects of title IV of the Higher Education Act and to focus on three particular issues under it. I will turn to these in a moment but, first, I want to applaud the objectives you have set for amending title IV, for restoring the balance among the elements in the total student aid package, for retargeting aid on the neediest students, for recognizing in part C the need for special services for disadvantaged students, for improving information for all students, for increasing the predictability of aid by establishing in law a master calendar that would work, and for increasing institutional flexibility by shifting more of the decisionmaking process to the campus level

Now the three issues you have asked me to address:

One, institutional block grants: The college board has not consulted its members in a way that would permit me to describe a formal position of the association on the proposal to consolidate SSIG and the campus-based programs. For the personal view of one of our college board representatives on the pros and cons of such restructuring, I refer you to the written testimony submitted by Mr. Bird.

Two, definition of the independent student: The college board's Washington office has conducted research and policy analysis on the question of how independent students should be defined. The majority in our financial aid constituency believe that there should be a new definition—one that includes an age cutoff, considers more prior years, and requires demonstration of self-support. At the same time, I must note that putting in place a self-sufficiency criterion, as proposed in H.R. 5240, will raise difficult problems, for there are several aspects of this implementation that could make a fundamentally good idea very difficult for students and colleges to handle—aspects that are covered in my written testimony submitted earlier.

Three, simplification: I will focus here on two separate features of the financial aid system. First, the application form; and second, the need analysis system by which aid is determined.

Concerning the form, I am pleased that H.R. 5240 would continue to allow use of a single form to serve Federal, State, and institutional needs. This process—known as multiple data entry—is the finest achievement of the joint efforts growing out of Mr. Keppel's task force in 1975—efforts aimed at the goal of simplification.

Differing data requirements among different partners in the financial aid system make it increasingly difficult to satisfy all the parties—the Federal Government, States, lending agencies, and institutions—satisfy them through a common form; yet we believe it is important to sustain the progress we have made—made toward a system that meets their differing needs while requiring only one application from most students.

In the other arena of simplification—need analysis—we applaud the provisions in H.R. 5240 that call for continuing use of one set of criteria for determining aid eligibility for Pell grants and another to be used in making awards under other programs. We do, however, have some concerns about how that second set of criteria would be determined—lodging, as it would, sole responsibility for determining the system to be used in the new institutional block grant program, and in GSL and college work study, with the Secretary of Education—rather than continuing to rely on the National Student Aid Coalition.

We would appreciate the opportunity to work with you, through the coalition's task force on reauthorization, to develop a mechanism through which the existing system may be continued.

Finally, I am concerned, based on reports from our staff, that the language specifying some of the elements of the need analysis system that the Secretary must promulgate could produce a few glitches. I do want to take this opportunity to offer to you and your staff our full support in working out revisions that will insure that those glitches do not occur.

That concludes my prepared oral statement.

[Prepared statement of George H. Hanford follows:]

PREPARED STATEMENT OF GEORGE H. HANFORD, PRESIDENT, THE COLLEGE BOARD, NEW YORK, NY

Mr. Chairman and members of the Subcommittee, I am George Hanford, president of the College Board. I appreciate the opportunity to appear this afternoon to discuss proposals under consideration for amending and reauthorizing the Higher Education Act. I am accompanied by Gerald T. Bird, Assistant Dean for Student Financial Aid at the University of Alabama in Birmingham, who is a member of the College Scholarship Service Council of the College Board.

Let me first say a word about the organization we represent. The College Board exists primarily to foster the transition of students from high school to college through the provision of tests, financial aid services, and other educational programs. We are unusual among educational associations in that our membership includes high schools and school systems as well as colleges, and both public and private schools at each level. Representatives of the member institutions serve on our Board of Trustees and advisory councils and committees that consider the College Board's programs and participate in the determination of its policies and activities.

Mr. Chairman, the legislation you have introduced, H.R. 5240, strikes many responsive chords with our organization. The bill emphasizes expanded access to higher education for needy students *and* enhanced quality of education for all students. These are the historic concerns of the College Board, and they are explicitly

embodied in the College Board's current campaign to improve academic preparation for college through what we have labelled the Education EQuality project—capital E, capital Q to symbolize a twin emphasis on equity and quality. I believe we share with you a commitment to broaden educational opportunity by helping students overcome both academic and financial barriers to higher learning. I think we can all agree that opening the door to higher education serves no one well if it is a revolving door. Students need financing to assure access; they must also have the requisite academic skills to persist in college and receive their degrees.

Parts of H.R. 5240 will reinforce efforts already underway across the country to upgrade the quality of education and shore up particular areas of the curriculum. I commend, for example, the emphasis on better preparation of teachers and strengthened programs of international education. Your invitation to this hearing, however, requested testimony addressing the student aid and related programs under Title IV of the Higher Education Act.

For the past 30 years the College Board has been instrumental in the progessive development of student financial aid. The College Scholarship Service (CSS) was founded in 1954 by members of the College Board who sought agreement on practices and standards for awarding scholarships and other forms of aid to their students. Today CSS is an association within the College Board comprised of nearly 1200 members, including campus (and state) financial aid administrators, college admissions officers, guidance counselors, and students. Its mission, as in the mid-1950s, is to foster equity and consistency in the administration of student assistance. In the mid-1070s, CSS was a leader in the formation of the National Task Force on Student Aid Problems (chaired by Francis Keppel, who happens also to be presenting testimony today), and CSS was the first agency to implement the task force recommendation of a common form through which students could apply for all types of aid and a "uniform methodology" for determining family ability to pay for college.

By way of further background, I might note that the Washington Office of the College Board conducts policy studies on student aid, some of which have already been reviewed in testimony before this Subcommittee.

Mr. Chairman, you have asked us to focus on three particular issues under Title IV, and I will turn to these in a moment. First, I want to applaud the objectives you have set for amending Title IV. I will indicate where we anticipate some problems of implementation, but the general lines of change set out in H.R. 5240 are, I believe, in the right direction.

RESTORING BALANCE

By proposing that Pell Grants be established as an entitlement and by other changes, the proposed legislation seeks to bring about a more appropriate balance of grant and loan support in the total package of federal student aid. The recent report by our Washington Office titled "Trends in Student Aid" highlighted the dramatic shift in the overall proportions of aid awarded in the form of grants and loans over recent years. Since 1976 grant aid has declined from 80 percent to less than 50 percent of total aid awarded, while loans have increased during the same time period from 17 percent to about half of all aid. And the trend toward loan financing seems to be accelerating. We are in full support of your efforts to stem this trend under Title IV.

RETARGETING AID ON THE NEEDIEST STUDENTS

Another objective of H.R. 5240 is to ensure that Title IV aid is concentrated on students and families with the greatest need for funds. We endorse, for example, the restoration of pre-1980 statutory language requiring that preference for campus-based federal aid be given to students who demonstrate "exceptional financial need."

INFORMATION FOR STUDENTS

The Board of Trustees of the College Board has just authorized appointment of a Commission on Precollege Guidance and Counseling, in recognition that equality of opportunity depends a great deal on better information and advice reaching students earlier in their school careers. I am pleased to see a similar concern reflected in H.R. 5240.

INCREASED PREDICTABILITY OF AID

H.R. 5240 also attempts to assure that students have greater advance notice of their eligibility for federal funds. Given the vagaries of the federal budgetary and

rule-making process, perhaps we will never achieve the kind of regularity that would be desirable, but we endorse the attempt to establish in law a master calendar that would help to assure that forms, eligibility schedules, and ultimately funds can be delivered on a timely basis to allow students to make rational choices.

GREATER INSTITUTIONAL FLEXIBILITY

Finally, Mr. Chairman, you have indicated an intent to "shift more of the decision-making process to the campus level." We heartily endorse this objective. It is on campus that we believe need-analysis must ultimately be carried out and aid packaged from a variety of sources to recognize the varied circumstances of individual students and families.

Let me turn now to the three issues you have specifically asked me to address: the institutional block grant program, the independent student definition, and simplification of the student aid process.

INSTITUTIONAL BLOCK GRANT

The College Board as an association has not consulted its members in a way that would permit the staff to describe a formal Board position on the proposal to consolidate SSIG and the campus-based programs into an institutional block grant. I refer you to the written testimony submitted by Mr. Bird for the personal view of one of our College Board members on the pluses and minuses of such a restructuring.

INDEPENDENT STUDENT DEFINITION

The College Board has conducted policy research on the question of how independent status should be defined. We think there is a compelling case for revison of the federal criteria. I refer you to testimony presented to this Subcommittee last October 27, 1983 by Larry Gladieux, executive director of our Washington Office. That testimony, growing out of a study by the Washington Office, suggested a shift to age criteria to simplify the definition while increasing verifiability and reinforcing the assumption of parental responsibility through at least the traditional ages spanning undergraduate education.

A recent survey conducted jointly by the College Board and the National Association of Student Financial Aid Administrators confirms the belief among financial aid administrators that the prevailing definition is inadequate. Ten percent of all respondents to the survey already use criteria different from the federal definition for awarding institutional funds, and 60 percent believe that the current federal definition should be changed. The majority believe that a new definition should include an age cut-off; should consider more prior years; and should require the student to demonstrate self-support to qualify as independent.

These findings suggest widespread support for the general principle of tightening the definition of independent students by adding a self-sufficiency criterion to the current requirements, as proposed in H.R. 5240. At the same time, I must note that implementing such a criterion raises difficult problems. We at the Board are concerned about several aspects of this implementation that could make a fundamentally good idea very difficult for students and colleges to handle. A clear and unambiguous criterion that immediately separates students qualifying as independent from those who are not must be developed, or it will be impossible to instruct students on the application form as to whether they and/or their parents need to provide information on income and assets. We are also concerned about what rules would be developed by the Department of Education to verify self-sufficiency and about what new burdens these rules might impose on colleges and universities.

SIMPLIFICATION

The third point you have asked me to address is that of simplification. Let me do so by focusing in turn on two separate features of the financial aid system: first, the application form, and second, the need analysis system by which an individual student's eligibility for aid is determined.

Concerning the application form, I am pleased to see that H.R. 5240 will continue to allow states and institutions to add questions they need for distributing their own financial aid to the basic set of questions identified by the Department of Education for awarding federal assistance. As a result, students can complete one financial aid application and have that single form serve federal, state, and institutional needs. This process—known in the trade as Multiple Data Entry or MDE—is the finest achievement of all the joint efforts growing out of Mr. Keppel's Task Force in 1975

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toward the sometimes elusive goal of simplification. It's not perfect by any means, but it is a far better system than that faced by students before MDE was instituted.

Our ability to reach this goal will continue to be tested as families of increasingly varied circumstances become eligible for aid. States distribute over $1 billion of their own funds to students, and institutions contribute another $2.5 billion. Many states and institutions will continue to call for more detailed financial information from applicants in order to accurately assess their financial circumstances. Differing data requirements among different partners in the financial aid system make it increasingly difficult to satisfy everyone through a common form, yet we believe it is very important to sustain the progress we have made toward a system that meets these differing requirements while requiring only one application from most students.

In the area of need analysis, we applaud the provisions in H.R. 5240 that call for a continuation of our current practice of using one set of criteria for determining aid eligibility for Pell Grants and allowing a second set of criteria to be used in making awards under other programs.

I do, however, have some concerns about how that second set of criteria would be determined under H.R. 5240. Currently, we work with other members of the student aid community each year to develop a common method by which federal campus-based dollars, state awards and institutional funds will be awarded. This yields the so-called uniform methodology, which is annually approved through the National Student Aid Coalition. Because all the financial aid partners are part of the process of developing the methodology, they are able to ensure that it meets all their needs; the process thus discourages the proliferation of need analysis systems at the state and institutional level.

I am concerned that the bill before us does not continue this consensus-oriented process, but rather lodges sole responsibility for determining the need analysis system to be used in the new institutional block grant program and in GSL and College Work-Study with the Secretary of Education. I do not believe that states and institutions have been or will be able to rely on such a regulatory process to have their own requirements met, and that multiple assessment systems are an unfortunate but likely outcome.

We would appreciate the opportunity to work with you, through the Coalitions's Task Force on Reauthorization, to develop a mechanism through which the existing [illegible] may be continued.

I am also concerned, based on reports from our staff, that the language in the current bill specifying some of the elements of the need analysis system that the Secretary must promulgate contains a few glitches. While I don't want to belabor this discussion with details, I do want to offer to you and your staff our full support in coordinating revisions to make sure that the methodology described in the legislation is complete. For example, the bill as currently written does not include offsets against family income for standard living costs, nor does it make provision for annual adjustments in such offsets, though such offsets and annual adjustments currently exist in both the Pell and uniform methodologies.

Mr. Chairman, that completes my prepared statement. Mr. Bird also wishes to submit a written statement for the record, and we shall be glad to answer questions and be of any help we can to this Subcommittee.

Mr. HANFORD. Mr. Bird also wishes to submit a written statement for the record and we are both glad to try to answer questions that you might have.

Mr. GUNDERSON. Do you have a statement, Mr. Bird?

Mr. BIRD. I am submitting my statement.

[Prepared statement of Gerald T. Bird follows:]

PREPARED STATEMENT OF GERALD T. BIRD, ASSOCIATE DEAN AND DIRECTOR OF STUDENT AID, UNIVERSITY OF ALABAMA–BIRMINGHAM

Mr. Chairman and Members of the Subcommittee, I am Gerald T. Bird, Associate Dean and Director of Student Aid at the University of Alabama at Birmingham. I am also a member of the College Scholarship Service (CSS) Council, which determines the services offered through the CSS.

I am pleased to submit this written testimony regarding H.R. 5240, and to address questions that you might have of me regarding the Reauthorization of the Higher Education Act. My purpose in presenting this testimony is to round out the points Mr. Hanford has conveyed by adding an institutional perspective. As Mr. Hanford

stated, the CSS Council has not had opportunity to review H.R. 5280; therefore, my remarks represent my own views as one active participant in the governance of CSS and as a practicing aid administrator.

INSTITUTIONAL BLOCK GRANTS

I applaud the increased flexibility that would be provided to campuses under the institutional block grant approach. Campus aid administrators are uniquely able to determine the individual student's financial need and then assess the best mix—or package—of financial aid to meet that need. Allowing them discretion in allocating federal funds among grants, loans, and work-study will greatly enhance their capacity to respond to individual circumstances.

I do have two specific concerns about the proposal for institutional block grants: the deletion of the State Student Incentive Grants as a discrete program. Elimination of this matching money would remove the incentive for states to continue to participate with us in the funding of student aid.

I believe that each state would attempt to keep their state's program in pace. However, without the incentive to match federal funds, the uneven circumstances of many states (for example my own state, beleagured by a 11.6 percent unemployment) may result in the elimination of some states' programs. The second concern lies in the distribution formula as described in Section 421: the impact of the formula is unclear.

INDEPENDENT STUDENT DEFINITION

The recent Survey of Undergraduate Need Analysis Practices, Policies, and Procedures reveals that in the opinion of more than 60% of my colleagues the definition of independent (or self-supporting) status needs to be tightened. While I agree with that basic thought, I have concerns about how we achieve that goal.

First, we must not lose sight of the important fact that no matter what definition had been in place during the past few years, more federal dollars would have been awarded to independent students simply because there are more independent students. The average age of our student population is now over 25, and at my campus now exceeds 26 years of age. That translates into more demand for student aid dollar to assist older, truly independent students. We should not add to their data requirements in our attempt to restrict aid to students who circumvent the current rules to obtain student aid. This manipulation of the system also circumvents the basic premise upon which student aid has long been based: that the obligation to pay for postsecondary education rests first upon the family and student, then upon other sources of assistance.

It is not difficult to ask questions of students to support the tightened definition. The "common form" contains questions about Veterans' status, student's age, and marital status. The difficulty lies in having the answers to these questions result in immediate determination by the student as to whether he or she is self-supporting; that information is necessary on-the-spot so that the student knows who should complete the income and asset information: the student himself or herself, if self-supporting, or the parents, if the student is determined to be dependent.

Our efforts nearly two years ago to construct a form that would direct students through the decision set proposed in H.R. 5240, resulted in an additional page of data—a 50% increase—in the length of the federal form for student aid. Since that outcome was undesirable, it was abandoned.

Another possibility is collection of additional data by the campus financial aid officer. This would also be unsatisfactory because we would receive aid applications that contain income data from the student when we need the parents' data, and vice-versa. The additional time required to obtain the necessary missing data from students or their parents would result in substantial delays in the awarding of financial aid.

If we can agree on one additional criterion beyond the requirements currently in place, we could correctly collect the data while tightening the definition. I feel that adding with age or one earlier year to the existing requirements (the so-called triform test) would yield a result that meets the need for a tighter test for independent status while not disrupting the data collection system. I urge you to work with student financial aid community in chosing one of these option.

SIMPLIFICATION

I can't resist a bit of Southern philosophy in recalling that a friend of mine says that there's a simple answer for everything—and its usually wrong! We've attempt-

ed to make the process simpler—in terms of both form and methodology—in several recent years. Sometimes, "simplification" has led to a different type of complexity, and added confusion for students, counselors, grants and financial aid administrators. For example, efforts on the part of the Department of Education several years ago to reduce the data collected for federal programs "simply" resulted in supplemental forms. The effort to simplify the process did not work because it disregarded the requirements of law in some states, and of sound administrative procedure in many state scholarship and grant agencies and in most campus aid offices that demanded the continued collection of data beyond the federally prescribed elements.

Through continuation of the provision for "simultaneous collection of data," H.R. 5240 would go far toward helping to make the system more predictable (referring to Mr. Hanford's description of predictability), more simple to the student, while at the same time accommodating the multiple public policies that govern the current array of student aid funds.

H.R. 5240 provides for continuation of separate methodologies for Pell and campus-based funds. But missing is a mechanism to permit the financial aid community, to have input into this crucial process. Such input is currently facilitated through the National Student Aid Coalition. I encourage you to reinstate the existing process through which a methodology can be constructed to utilize common data, appending that which is needed for state and institutional purposes, to support our current system that of multiple eligibility standards, as needed for state and federal purposes, within the structure of one standard of ability to pay for postsecondary education. We should maintain the existing system of the Pell methodology. Uniform Methodology and Guaranteed Student Loan methodology. It seems to be working. I hope we won't attempt to "fix it" and in the process build a system that won't work.

Thank you for this opportunity to present my thoughts on these important topics. I welcome any questions that you might have for me.

Mr. GUNDERSON. Would you like your total presentation made a part of the record?

Mr. HANFORD. Please.

Mr. GUNDERSON. Would you elaborate in detail more of your concerns? I will get back—the student definition, independent-student definition. You seem to be a little bit concerned that the proposal in front of us is a little ambiguous, should I say. Can you develop more exactly where your think we ought to go on that definition of independent student?

Mr. HANFORD. I will turn to Mr. Bird.

Mr. BIRD. On the independent-student definition there are several areas that we think would be important to look at. In studying other testimonies I see that there seems to be some question as to an extension of previous year of income, but in addition, there would also be a consideration of age. Now, in considering age, as a criterion for determination of independence, there are also some other factors that age will not necessarily include. For example, a student is entirely likely to be independent if that student is a single parent and may still be under the age of 24, so those are the kinds of concerns that we do have.

Mr. GUNDERSON. Questions that I have been asking at the hearings are in the area of priority. You indicated in your summary statement that you supported the general thrust of this bill which retargeted aid to the neediest of students. I would be interested exactly where you perceive that most important retargeting?

Mr. HANFORD. I see the retargeting that is needed primarily on behalf of youngsters who come from disadvantaged backgrounds, who tend by and large still, although not exclusively, to be minority youngsters. I think we need to get information to them earlier about opportunities in higher education I think the quality thrust in education today is going to prepare more youngsters more effec-

tively for college and it would be terrible to raise their hopes academically and then financially be unable to fulfill the promise that we have implicitly made.

Mr. GUNDERSON. We have been toying with a number of different options to deal with the nontraditional student. One of the suggestions made in testimony, I believe it was yesterday, was that we include day care costs in the needs analysis. Do you have any comments on what problems this would entail, trying to make such an adjustment?

Mr. HANFORD. I think the day care both for the student who is working and needs—the parent who needs help while they are working, money to go and while they are going to school, in my judgment, without having canvassed the constituency, I think this would be a legitimate cost related to education. If you have to watch the children you cannot go to school.

Mr. GUNDERSON. That is right. As we discussed earlier before the hearing, you indicated your interest in providing written suggestions to us as to how to deal with the nontraditional student financial aid program. I would appreciate it if you could elaborate on the day care area as well as on what problems you might foresee and how it could be done.

Mr. HANFORD. Will do.

Mr. GUNDERSON. Thank you very much.

At this time we will call the next three scheduled witnesses: Dr. Frank Keppel, National Student Aid Coalition; Dr. Gregory Anrig, president, Educational Testing Service; and Mark Heffron, vice-president, American College Testing Program.

STATEMENT OF FRANK KEPPEL, CHAIR, NATIONAL STUDENT AID COALITION

Mr. KEPPEL. Mr. Chairman, thank you very much for asking the Student Aid Coalition to be on a panel of witnesses. It is a coalition that represents educational groups. I think half of them are probably behind me to be sure that I do not go off the reservation. To save time, sir, I wonder if I could—you have a copy of the testimony.

Mr. GUNDERSON. We will make your statement and other statements this afternoon a part of the record.

Mr. KEPPEL. I would like to bring your attention to the central or a central policy point which is that the student financial aid enterprise as a whole I think can fairly be said to need stability, so that a very complicated Federal-State-institutional private system, which is all intermeshed, can work out smoothly. One aspect of it is a fairly firm master calendar, which is in the legislation, and we applaud it and I hope it will be kept vigorous in that way. I find the date April rather entertaining as the date on which certain things are done, but never mind, it is a fine date.

The second thing I would like to mention would be, I am in the middle of page 3, Mr. Chairman, the bill includes a section 492 for an advisory committee on student financial assistance. I am well aware that advisory committees are not the favorite of anybody in this town. We are in favor of doing something, but not quite in the form which it is in the bill. The feeling is that if there is going to

be such a group, it should be—it should not in our judgment be part of the Department of Education. It should be an independent agency which advises the Congress as well as the executive branch, because it represents the interests of States as well as institutions and groups concerned with financial aid. We would therefore suggest an amendment along that line which would change the language.

Turning now, if I may, sir, to—I will jump to page 7. There is a central paragraph there which states the coalition's position, and its concerns to a degree are the general thrust of the legislation with regard to simplifying and consolidating the existing programs. I have a sentence in the middle of the page that says, "However, I should report that many of the member associations are concerned that they are unable to measure the potential effect of this proposal on their institutions and on their students."

That means they are a little nervous and would like to get some more information and how it would work out differentially.

The final point to me at this stage, what with my colleagues' statements, would be the one I would like to emphasize if I may—it is on the bottom of page 7; the last full paragraph. The sentence comes out as not a happy sentence to read. We remain troubled by evidence that strongly suggests that the principal purpose of the Higher Education Act of 1965 and its subsequent amendments—that is to provide all students with an equal opportunity to attain a postsecondary education—is not being achieved.

Mr. Hanford hinted that. This is my principal concern, and the focus that I would suggest, and there is detail on page 8 dealing particularly with the minorities, to oversimplify, progress was made until the middle seventies, and it is level or declining since.

One of the key reasons that I would like to emphasize why these participation differences have taken place or why the differences have not narrowed is that the intended beneficiaries of the student aid programs are frequently not aware of their eligibility. Mr. Hanford mentioned that in his testimony. I personally would put it way up on the top.

A particular subpart of that, which I would hope the committee might note, is on the top of page 10 of this testimony. As you look at the situation, a major part of the problem is that a fundamental decision is made by these boys and girls, if you want to, young men and women, at the eight grade. That is where you get on the academic college track or you do not. We urge very strongly that information programs reach that age group, not being focused on the 12th or 11th grade.

Then the rest of this testimony in effect is specific suggestions, one of which I think has to do with how one might go about getting this information, and the coalition made an analysis—I will not say it is a full national one, sir, but at least an effort in getting information about how groups are trying to accomplish this information purpose to those students, particularly the poor in the economic sense, and I have here, and I hope somebody gave you a draft of this—I take particular pleasure, Mr. Chairman, and ask you to look at page 28 of that, because one of the very few programs that is aimed in the way we are talking about, on the first full paragraph of page 28, is from Wisconsin.

Mr. GUNDERSON. You do know how to convince a politician, do you not?

Mr. KEPPEL. Well, it happens to be the only one, Mr. Chairman—one of two. That is the end of my testimony. Thank you for your patience, sir.

[Prepared statement of Francis Keppel follows:]

PREPARED STATEMENT OF FRANCIS KEPPEL, CHAIRMAN, NATIONAL STUDENT AID COALITION—APRIL 4, 1984

Mr. Chairman and members of the Subcommittee, I thank you for the opportunity to appear before you today to comment on Mr. Simon's bill to reauthorize the Higher Education Act of 1965 and to offer additional views as they relate to concerns surrounding reauthorization debates and discussions.

I am accompanied by Dr. Dallas Martin, Executive Director of the National Association of Student Financial Aid Administrators and Chairman of the National Student Aid Coalition's Task Force on Reauthorization.

I was invited to testify today in my capacity as Chairman of the National Student Aid Coalition. The Coalition consists of thirty-five (35) national organizations and associations with an interest in student financial aid programs and policies, and five (5) public members. The Coalition is a voluntary organization that provides a mechanism for focusing the perspectives and concerns of a variety of interest groups in order to identify issues and help coordinate the development of national student aid policies among federal and state agencies and institutions. We are concerned primarily with such issues as: coordination of the systems by which financial aid is delivered to states, institutions, and individual students; the principles by which that aid is administered in such areas as timing, forms, definitions, and public information programs; and the development of standards by which financial need will be measured. I have included as an attachment a statement of the National Student Aid Coalition's history, purpose, functions, and member organizations.

Before proceeding further, I want to express our thanks to you, Mr. Chairman, for your efforts, and the hard work of the Subcommittee staff, in bringing forward comprehensive legislation for the Higher Education Student Assistance Programs that attempts to address the predominant concerns of our membership. Indeed, the Coalition was organized, in large part, as an embodiment of the student aid "partnership"—the cooperative effort between the federal government, states, private organizations, postsecondary institutions, students and parents in the provision and delivery of student financial assistance. The effective functioning of the partnership in the coordinated delivery of multiple sources of student assistance has experienced a good deal of strain over the past several years. Delays in federal decision making, changes in program rules and regulations, and varying appropriation levels for the federal programs have combined to complicate the delivery process for the providers and administrators of student aid and result in confusion and misinterpretation for the recipients. We believe that a system of delivery that integrates multiple sources of assistance cannot function in a pattern of fits and starts without seriously eroding the effectiveness of the aid programs in achieving their stated goals. Student financial aid, above all, needs stability; to work well.

We applaud particularly the inclusion in the legislation (section 483 (d)(1)) of a master calendar implementing a schedule for the completion of major tasks and functions that are a part of the annual process of the delivery of student aid. We commend you for your efforts in encouraging an orderly process of providing financial aid to students and in your affirmation of the responsibility that must be taken by the agencies within the federal government that are charged with the administration of the student financial aid programs for maintaining order and stability within the programs and among the program participants. The concept of a congressionally specified master calendar for the student aid process also clearly establishes a link between the process of aid administration and delivery and the policy objectives of the programs. Interruptions, delays, and last minute decisions affecting student eligibility and the aid delivery process clearly jeopardize the ability of millions of students and their families to obtain reliable and accurate information about student aid in time to affect decisions about college attendance and choice.

We agree as well with your recommendation to mandate an annual deadline of April 1 for the final establishment of any other regulatory changes affecting the administration and awarding Title IV program funds. We believe that this will go a long way towards promoting greater understanding of the programs by parents and

students and enable financial aid administrators to award aid early enough so that students can choose the institution that best serves their needs.

While the master calendar represents a critical first step in helping to bring about a reliable order to the student aid process, we believe that a more formal structure is also needed to assure the effective management, oversight and coordination of the national program of student aid.

We therefore applaud your decision, Mr. Chairman, to create as Sec. 492 of the legislation an Advisory Committee on Student Financial Assistance. While the Coalition concurs with the concept of and the need for a group of this nature, we believe that the focus of such group should be somewhat different than that which has been proposed.

Specifically, the Coalition is concerned that under the proposal this Advisory Committee could become subsumed within the Education Department and be unable to act with the independence that is necessary for such a group to be as effective as possible.

In a proposal for a similar committee that was included in testimony presented to the National Commission on Student Financial Assistance, the Coalition recommended the creation of a group that was answerable jointly to the Congress and the Executive Branch. We remain concern that policy makers in the legislative branch have access to the information and expertise needed to make crucial decisions in both technical and more broadly based policy issues.

The concept of the advisory panel builds on the advisory and consultation requirements placed on the Secretary of Education by the Congress in the Education Amendments of 1980 (Section 482 and 483). A jointly responsible advisory authority would further recognize and expands on the Congress' concern for the consideration of the interests of the non-federal partners in the national student aid programs, as evidenced in the language of the Amendments (sec. 483 (a) and (c)).

The Coalition's suggestion that such a committee be able to hire its own director and research staff was made to ensure that such a panel would be able to retain its independence despite changes in administrations. In addition, an independent advisory panel would help to enhance the continuation of a working partnership by providing a vehicle through which the concerns of those involved in the provision and delivery of student financial assistance can express their concerns and have them forwarded to the nation's decisionmakers.

On another point, the Coalition supports in sec. 482 of the legislation the maintenance of a separate system for determining a student's need for federal financial assistance as opposed to the system for specifically determining student eligibility for funds in the Pell Grant program (sec. 403).

For over ten years, members of the student financial aid community have worked cooperatively with the Department of Education in developing annually a methodology for determining the need of students and families for assistance to meet the costs of college. The product of these cooperative deliberations—known as the Uniform Methodology—is accepted by the Secretary under his approval authority for needs analysis systems for the federal campus based programs. Importantly, Mr. Chairman, the methodology also is used as a basis for awarding aid under a majority of state and institutional student assistance programs.

Thus, this method for determining need, although developed for federal purposes, reached beyond the Title IV programs into the states and the institutions. It is tangible evidence of the student aid partnership at work, and all players have a stake in its development.

The Coalition has served as coordinator and facilitator for this process and stands ready to continue its role in bringing together the federal and non-federal partners in a common forum to design the Uniform Methodology.

With regard to your request to comment on the independent student definition, may I bring to your attention the Coalition's testimony before your Subcommittee on October 27, 1983, a copy of which is attached. The Coalition's views are summarized in the following exerpt from the testimony:

"In March of 1982, the Coalition adopted the recommendation of its Committee on Needs Assessment and Delivery that one additional base year be added to the current federal definition of a self-supporting student for undergraduates and that the current federal definition be continued for students who are enrolled in educational programs beyond the first baccalaureate degree.

The definition recommended by the Coalition grew out of a long-term discussion and debate and out of the desire to achieve a measure of concensus within the group on a very important aspect of student aid policy. It was felt that the recommendation represented an appropriate policy response and modified reasonably the existing definition, specifically taking into consideration: The need to establish a reason-

able and verifiable history of self-sufficiency before an aid applicant can receive funds based on eligibility as an independent student, emphasizing the primary responsibility of the student and his or her family in meeting college costs; the clear difference in perception in parental and public attitudes about graduate and professional study beyond the baccalaureate degree; the concern that any alteration to the definition not effect disproportionately any identifiable category of students nor serve arbitrarily to impede student access.

I must emphasize that the Coalition's recommendations should not be taken to mean there is consensus within the financial aid community on this issue."

I should add that I have not had the opportunity to consult the Coalition on the specific terms of the new definition of student independence included in the Reauthorization legislation.

I note as well that the Coalition is less qualified to make recommendations for graduate and professional student aid than for undergraduate. May I assume that this matter has been addressed at your hearing on the morning of March 29.

With regard to shifting more of the decision-making process to the campuses, we are in hearty agreement.

The National Commission on Student Financial Assistance firmly endorsed the campus-based student aid concept and the granting of flexibility to student aid administrators. In two of its final reports, the Commission not only urged the continuation of the campus-based programs, but recommended that the principle of institutional discretion that rests at the core of these programs be extended to the processing and awarding of Pell Grants. In several areas the Commission echoed a long-held belief that the campus aid administrator is in a unique position to judge the need for and award the most appropriate combinations of aid to needy postsecondary students.

With regard to reducing the number of programs, one of our own task force reports states the following policy:

"It is . . . our belief that the current structure of federal student aid makes sense and basically should be retained. There have been a number of proposals over the years that advocate—in the name of simplicity—a sharp reduction in the number of programs. Often, these proposals are aimed at reducing the current configuration of programs to one grant, one loan, and one work-study program. While the appeal for simplicity and streamlining is attractive, it is also deceiving. Programs which have different objectives, or which serve different populations, may well not benefit from consolidation."

The Coalition as a whole has not addressed the specific proposal in the Simon bill to consolidate three of the existing programs into an institutionally-based block grant. However, I should report that many of the member associations are concerned that they are unable to measure the potential effect of this proposal on their institutions and on their students. Full consideration cannot be given to the block-grant concept without a thorough analysis of the revised formula that would distribute funds under this part and, to date, the details that would permit such analyses have not been available.

May I now turn to a brief discussion of a concern that perhaps overrides all other considerations of program and policy at a time of Reauthorization. We remain troubled by evidence that strongly suggests that the principal purpose of the Higher Education Act of 1965 and its subsequent amendments—to provide all students with an equal opportunity to attain a postsecondary education—is not being achieved.

The most recent data—from a survey of 1980 high school graduates—indicates that financially disadvantaged students are one-half as likely to continue their education as their wealthier counterparts. This represents virtually no improvement over the results reported for a similar survey conducted of 1972 high school graduates.

When ability level is taken into account, students at each ability level are less likely to attend postsecondary education. Students judged to have average ability are roughtly 40 percent less likely to attend if they come from disadvantaged backgrounds. The participation of talented but poor students has improved to a considerable extent over time but these students are still 20 to 25 percent less likely to attend than students of equal ability from wealthier families.

Among minority groups, the participation in postsecondary education appeared to improve through the mid-1970's but we seem to have lost ground since then. The participation of Blacks in postsecondary education increased dramatically from 1965 to 1975 but has fallen since then. The number of Hispanics enrolled has increased but the percentage enrolled has declined in the past decade. In short, the trend lines with respect to the participation of minorities in postsecondary education appear to be going in the wrong direction.

A lack of adequate funding for student aid programs is one reason for the lack of progress toward the goal of equal opportunity. But more than funding for student aid is involved in explaining the continued underparticipation of disadvantaged and minority students in postsecondary education. A key reason why participation differences have not narrowed over time is that the intended beneficiaries of the student aid programs are frequently not aware of their eligibility.

We recognize, of course, that the bill addresses this need to increase students' awareness of their potential eligibility for financial assistance with the establishment of a National Center of Postsecondary Opportunity (Section 491, p. 288). To assist you with your deliberations on student aid information, we would like to express our specific concerns with the current information system and make some additional suggestions for improvement. This discussion is drawn from a draft of a report to the Coalition on Student Aid Information, attached to this testimony.

We have three primary concerns about how information on financial assistance programs is currently provided to students and their families. The first is that reliable information frequently does not reach the groups who need the aid the most, principally poor and minority students. These students are often concentrated in areas and schools where counselors are least able to pay individualized attention to their students, and where reference guides on admissions and financial aid are most often out-of-date. As a result, many disadvantaged students do not realize that they are eligible for a wide variety of student aid programs to assist them in continuing their education beyond high school.

To provide information on financial aid programs to disadvantaged and nontraditional students, we suggest the following:

Development of a Mass Media Advertising Strategy to raise the awareness of underserved student populations about the availability of aid. (pp. 9, 10)

Expansion of TRIO information efforts to provide disadvantaged students with early knowledge about their potential eligibility for aid. (p. 10)

Greater reliance on Information Centers to serve as an information resource alternative for disadvantaged and nontraditional students. (pp. 10,11)

Creation of a Seed Money Fund to encourage the development and growth of model and innovative information projects. (pp. 11, 12)

Secondly, we are concerned about the need to reach students early—as early as the eighth and ninth grades—with financial aid information. Stides of the student aid system all point to the importance of alerting students and their families to the availability of aid early enough in the high school years to allow for a reasonable college planning cycle. This need is especially critical for disadvantaged students who, if they are not fully aware of their potential aid eligibility, will often not take college preparatory courses.

Our third concern is that for all students the information that is provided is often inaccurate, out-of-date, or hard to understand. The program rules and funding levels for the student aid programs tend to change frequently and the existing information system is not prepared to deal with these revisions. Moreover, the process of providing information is not "personalized" enough. The counseling system is overloaded and many students and their parents find themselves overwhelmed by the diversity of financial aid programs and the complexity of the application process.

In addition to the establishment of a master calendar (p. 13), we suggest the following measures to improve the general quality of financial aid information:

Publication of a Comprehensive Source Document to help counselors and others accurately portray the financial aid system to students and their families. (pp. 14,15)

Development of an Easy to Understand Guide to help students and their families grasp their potential eligibility for student aid, especially in the early high school years when educational aspirations are being formed. (p. 15, 16)

Also, in the area of information, we would like to report the results of a 1983 Coalition survey of the state grant and loan agencies. The survey indicated that most states do not send information directly to students, and those that do concentrate on students who are juniors or seniors in high school. Less than half of the states apparently attempt to reach nontraditional student groups outside of the high school setting. Responses to the survey also indicated that state agencies tend to provide more and better information on the programs that they are responsible for administering than for federal programs or those that educational institutions sponsor. Comments and letters attached to the survey indicated that there are a wide range of perceptions among state agencies over the roles that states should play in the information system.

The Coalition also examined a variety of model and innovative projects that state, local, and regional organizations have organized to address the information needs of students. These programs have often reaped benefits in increased participation and

awareness. For example, projects organized by the San Diego County Consortium of the California Student Opportunity Access Program (SOAP) a regional group that provides information and counseling to economically disadvantaged and minority students, have resulted in marked increases in participation.

Percentage increases in enrollment at University of California and California State University for the target group served by SOAP-San Diego ranged from 12 percent to 100 percent from Fall 1979 to Fall 1981. At community colleges the patterns varied; Filipino enrollments at community colleges grew eight-fold, from eight to 72 students, while Hispanic enrollments at these schools remained level. Black enrollments in community colleges decreased in large part reflecting their greater participation in four year college programs. Experience with experimental programs in other states and localities supports the conclusion that innovative information efforts can increase access to postsecondary institutions.

Finally, Mr. Chairman, I want to take this opportunity to present to you and the other members of the Subcommittee a report from the Coalition's Task Force on Reauthorization. The document offers specific recommendations for technical modifications and refinements to the current Title IV statute which the Coalition felt would clarify or improve the administration and delivery of the existing student aid programs. This report displays in a 3-column format (1) the current Title IV statute governing student assistance programs; (2) suggested amendments or substitute language where appropriate; and (3) the rationale for any proposed changes in the legislation.

This Task Force is chaired by Dallas Martin of the National Association of Student Financial Aid Administrators and is representative of the membership of the full Coalition. The Task Force continues to meet to discuss certain issues in the general provision section of the law that remain unresolved, certain issues concerning loan consolidation, as well as any additional issues that may be brought to the Task Force by a member of the Coalition. Dr. Martin would be happy to answer any questions you may have on the Task Force recommendations.

Thank you for the opportunity to present this testimony.

The National Student-Aid Coalition

History

Until the mid-1970's the process of "governing" student financial aid was characterized by a largely informal give-and-take of responsibilities and decision-making authority. The inception of the Basic Educational Opportunity Grant Program and the expansion of funding of other Federal and state aid programs which occurred in 1972 brought strains to the delivery system mechanism and called into question that form of governance. In response to those strains, the postsecondary educational community formed the National Task Force on Student Aid Problems to focus attention on issues concerning the delivery system, development of consensus solutions to those issues, and advancement of those solutions for consideration and implementation by federal, state, and institution policy makers and administrators.

The Task Force, was intentionally and formally organized for a fixed time. When that time expired, it recommended that its activities be continued by a "coalition" sponsored by the American Council on Education and the Education Commission of the States. From 1975 to 1980, the Coalition for the Coordination of Student Financial Aid represented the interests of students, states, and postsecondary institutions in student aid delivery system issues. An informal and voluntary organization, the Coalition implemented many of the Task Force's recommendations and provided advice on other policy and procedural issues as they arose.

Several developments in the late 1970's suggested the need for a more formal, organized body to carry on the work of the Coalition and to provide for a broad-based mechanism to assert institutional, consumer, and state interests both in delivery system and policy issues concerning student aid. The formation of a cabinet-level Education Department and the consulting requirements placed on the Secretary by the Education Amendments of 1980 suggested that the absence of a recognized, formally constituted body would lessen the effectiveness of the Coalition in student aid related matters. A series of discussions led to the reorganization and establishment in 1981 of an expanded National Student Aid Coalition, funded by grants from both The Ford Foundation and the Carnegie Corporation of New York.

PURPOSE AND FUNCTIONS

The purpose of the National Student Aid Coalition is to provide a forum for coordinating the efforts of associations with an interest in student financial aid. While the intended purpose of the Coalition is the development of consensus among the postsecondary community, participation in the Coalition does not infringe on the right of any organization or individual to take a position independent of or in opposition to that of the Coalition.

The general functions of The National Student Aid Coalition are:

(1) To provide a mechnism for focusing the perspectives and concerns of a variety of interested groups in identifying issues, and effectively coordinating national student aid policies among Federal and state agencies and institutions;

(2) To develop and maintain the desired relationships between the aid provided by different funding sources and the aid provided through different delivery mechanisms;

(3) To develop and maintain the standards by which financial need, but not necessarily program eligibility, will be measured;

(4) To formulate mechanisms for coordination of the systems by which aid is delivered to states, institutions, and individual students and the principles by which that aid is administered in such areas as calendar, forms, definitions, public information programs, levels of staff, etc.; and,

(5) To identify or conduct studies evaluating the impacts of student aid on students, families, institutions, states, and society.

ORGANIZATION

The National Student Aid Coalition currently consists of a representative of each of the member organizations and five public members. Additional organizations may be approved as members upon recommendation of the Executive Committee and two-thirds vote of the Coalition.

The Chair of the Coalition, currently Mr. Francis Keppel, is elected from the membership to serve a two year term.

COMMITTEES

The Executive Committee reflects the broad and diverse membership of the full Coalition. The Committee serves as the steering and administrative counsel for the Coalition, identifies issues for consideration of the membership, receives reports from standing and ad hoc committees, and formulates the agenda for the meetings of the Coalition. The members of the Executive Committee are listed on the following page.

A standing Committee on Budget and Finance oversees operating procedures, reviews expenditures, and develops budget priorities. The Treasurer of the Coalition, Dorothy Cann (Director, Apex Technical School), currently chairs this Committee.

A standing Committee on Needs Assessment and Delivery reviews annually and develops recommendations to update the Uniform Methodology—the "consensus methodology" for measuring a family's ability to pay for postsecondary education. The Committee also serves as a forum for the discussion of issues and concerns related to the delivery of student aid. The Committee is chaired by John Brugel, Director of Financial Aid, Pennsylvania State University.

A Task Force on Reauthorization is charged with the responsibility of soliciting, reviewing, and compiling recommendations for changes to Title IV (student financial assistance) of the Higher Education Act of 1965, as amended. The work of the Task Force is limited to the consideration of technical modifications, clarifications and refinements within the current structure of the statute. Dallas Martin, Executive Director of the National Association of Student Financial Aid Administrators, is Chairman.

MEMBER ORGANIZATIONS

American Association of Collegiate Registrars and Admissions Officers.
American Association of Community and Junior Colleges.
American Association of Counseling and Development.
American Association of State Colleges and Universities.
American Association of Univeristy Professors.
American College Testing Program.
American Council on Cosmetology Education.
American Council on Education.
Association of Advanced Rabbinical and Talmudic Schools.

Association of American Universities.
Association of Independent Colleges and Schools.
College Scholarship Service Assembly of the College Board.
Council of Graduate Schools in the United States.
Education Commission of the States.
Educational Testing Service.
Graduate and Professional Financial Aid Council.
Higher Education Assistance Foundation.
National Association of College Admissions Counselors.
National Association of College and University Business Officers.
National Association of Health Career Schools.
National Association of Independent Colleges and Universities.
National Association of State Scholarship and Grant Programs.
National Association of State Universities and Land-Grant Colleges.
National Association of Student Financial Aid Administrators.
National Association of Student Personnel Administrators.
National Association of Trade and Technical Schools.
National Coalition of Independent College and University Students.
National Council of Educational Opportunity Associations.
National Council of Higher Education Loan Programs.
National Education Association.
National Organization of Black University and College Students.
National Student Educational Fund.
State Higher Education Executive Officers Association.
United States Student Association.
United Student Aid Fund.

PUBLIC MEMBERS

Eve R. Grover (First Woman's Bank of Rockville Maryland).
Francis M. Kelly (IBM Corporation).
Francis Keppel (Chairman).
Rafael J. Magallan (Hispanic Higher Education Coalition).
Duane C. Scribner.

EXECUTIVE COMMITTEE

Robert Atwell (ACE)
Dorothy Cann (NATTS)
Lola Finch (NASFAA)
Peter Gossens (NAICU)
Dan Hall (CSS)
Francis Keppel (Public Member)
Dallas Martin (NASFAA)
Arnold Mitchem (NCEQA)
Katherine Ozer (USSA)
Douglas Seipelt (NCHELP)

Prepared Statement of Francis Keppel, Chairman, National Student Aid Coalition—October 27, 1983

Mr. Chairman and members of the Subcommittee, I thank you for the opportunity to appear before you today to speak about the participation of the independent, self-supporting student in federal student assistance programs.

I was invited to testify today in my capacity as Chairman of the National Student Aid Coalition. The Coalition consists of thirty-five (35) national organizations and associations with an interest in student financial aid programs and policies, and four public members. The Coalition is a voluntary body that provides primarily a mechanism for focusing the perspectives and concerns of a variety of interest groups in identifying issues and helping to coordinate the development of national student aid policies among Federal and state agencies and institutions. We are concerned with such issues as definitions, and student aid public information programs.

I. One of the program "definitions" is the definition that operates in the federal student aid programs to distinguish self-supporting students from those students dependent on parents for financial support. This aspect of determining eligibility for federal student aid has been under discussion—at times more heated than at others—on and off, for the past decade.

A similar version of the current three-part definition, a "test" of a student's dependency status, was first instituted for the Pell Grant program in 1973 and was designed to provide the student with the means to demonstrate a history of self-support. This definition incorporated three principles that had evolved separately, in the different federal aid programs, since 1959: information on parental support should be from the year in which aid is received and from the year prior (base year)

to the receipt of aid as reflected by federal income tax returns; information should be provided on residence in the parent's home and on; significant parental support in money or in kind.

This definition remained unchanged for the Basic Grant Program until 1979 and was adopted for the campus-based programs in 1976.

The basic criteria are essentially the same today as they were in 1973—adjustments have been made to the maximum level of support that may be provided by parents, to the limitation of time of residence with parents, and to the application of the definition to married students as stipulated in the Education Amendments of 1980. (see Appendix 1)

The Committee is of course well aware of the basis of the present system, and its reliance on the concept of family support and contribution, and aware of the various concerns about its operation. I have attached to this testimony as Appendix II a brief account of recent developments as seen by the Coalition in the hope that it might be helpful in the Committee's deliberations.

The Committee requested information that the Coalition might have on independent status for student financial aid applicants. This testimony is based on data on national student aid programs and recipient data files and other related studies obtained in the last six months.

II. The Coalition was particularly interested in information on the rates of participation of independent students in the federal programs and whether or not these numbers had changed significantly over time in the 18 to 22 year old age group I.E. "traditional" students in undergraduate coursework for whom parental support has and continues to be generally expected where there is ability to pay.

We posed the following questions: Does the definition of independent status accurately reflect the guiding public policy: to provide assistance only to the extent to which parental resources are unavailable? Does the existing definition allow or encourage public funds to supplant parental contributions for substantial numbers of students?

Let me report what we found:

CHANGES IN COLLEGE PARTICIPATION RATES AND STUDENT FINANCIAL ASSISTANCE, 1969, 1974, AND 1981

An Applied Systems Institute, Inc. study [1] analyzed the changing characteristics of the independent population over the period of the 1970's. The author cautions that a causal relationship between student financial assistance and participation rates cannot be proven. His results, however, suggest certain relationships between student aid and participation which may be useful in guiding further study or examination or related issues.

The 18 to 24 year old population determined to be independent was:

Independent individuals as a percent of the total population 18 to 24

	Percent
1969	43.5
1974	48.2
1981	42.5

The percentage of the independent students in college also peaked in 1974.

Percent of enrolled population independent by year

	Percent
1969	11.7
1974	18.9
1981	15.8

The final analysis describes participation rates—I.E. percentage of age group—of the independent population 18—24.

Participation rates of independent students 18 to 24

	Percent
1969	8.4
1974	10.4
1981	10.4

[1] John Lee of Applied Systems Institute, Inc., supplied the committee with data related to the overall participation rates of independent students in postsecondary education, drawn from a study prepared for the National Commission on Student Financial Assistance.

The census data indicates that the population over 25 in college has increased since 1974. In 1974, older students made up 18 percent of the enrolled population and in 1981 they made up 28 percent of the population. These students were defined as independent in the ASI study.

In summary, the author concludes that there appears to be no significant increase in either the incidence of independence or the participation rates of independent students aged 18–24 since 1974, though there has been an increase in the number of older students enrolling in college.

DATA FROM THE EDUCATIONAL TESTING SERVICE ON CALIFORNIA APPLICANTS

In an effort to gain additional information on the effect of a more restrictive "test" of independence, the Committee asked the Educational Testing Service to provide data from the file of students submitting a Student Aid Application for California; the state of California requires to respond to questions regarding self-supporting status for the year of application and for an additional three prior years.

Of the 302,498 students who had filed an application as of February 11, 1983, 140,304, or 46%, were classified as independent under the current federal definition. If the definition required an additional prior year or self-support, 13% (18,594) are eliminated from the independent group. If three prior years of self-support are required, an additional 8% are eliminated from consideration as independent, bringing the total eliminated from the original independent group to 21% (29,967).

INDEPENDENT STUDENTS IN THE FEDERAL STUDENT AID PROGRAMS PELL GRANTS

In the Pell Grant Program, the participation of independent students has increased from 36.9% in 1976–77 to 48.3% in 1982–83. This percentage growth is largely reflective of changes in the program eligibility criteria, program growth and expansion, and increasing participation by older students. This analysis is born out by figures provided by the Department of Education (attached as Appendix III) which show that the percentage of the total of eligible independent Pell applicants under the age of 22 has actually declined during that same seven year period, from 32.1% in 1976 to 30.0% in 1982. The table indicates a slight drop in independent eligibles between the ages of 23 and 30 and a growth in the percentage of over 30 year old eligible independent applicants from 20.1% to 25.0%.

Campus-based programs

Data has been provided by the Department of Education showing the distribution of dollars and recipients in the federal campus based program from 1974 through 1982. As a percentage to total recipients, participation by independent students peaked at 27% in 1979–80 and has declined since that time. In 1981–82 independent students received 25% of the total dollars expended, compared to 21% in 1974–75. The full set of comparative data is provided as Appendix IV.

GRADUATE AND PROFESSIONAL STUDENTS

Data from a study conducted by the Educational Testing Service indicated that there are strong tendencies on the part of parents to reduce support to students attending graduate and professional schools.[2] While 70% of college seniors in the study were dependent on parents, only about one-third of the enrolled graduate and professional students were. Of those enrolled graduate and professional students who were considered dependent on their parents, only about one-third received any help from their parents to finance post-baccalaureate costs.

CHARACTERISTICS OF INDEPENDENT STUDENTS

As Appendix V, we have included tables on the characteristics of aid recipients for both dependent and independent students. These statistics are catergorized by type of institution attended, age and minority status of recipients, and family income. Separate tables (Tables 3 and 4) indicate student expenses and sources of support for both dependent and independent students. The data are drawn from sep-

[2] Data from "Talented and Needy Graduate and Professional Students: A National Survey of People Who Applied for Need-Based Financial Aid To Attend Graduate or Professional School in 1980–81," ETS, April 1982.

arate surveys of student aid recipients at independent, public and proprietary institutions; the sources of these surveys are listed at the end of Appendix V.

III. Mr. Chairman, in your letter you asked specifically whether or not the data available to us suggests that there are "major abuses of the current independent student definition".

First of all, of course, the data we have presented do not lead to quick and easy conclusions. Much of the data lead instead to additional questions that cannot be answered effectively by the current information that is available and that looks at programs, students, profiles and trends on a national basis.

I might add that much of the kind of information one would need to clearly substantiate any claims of abuses of the current independent definition would have to be drawn from a longitudinal base—tracking students recipients from year to year. Unfortunately, such a study has not been conducted as far as I know. However, the data available to us do not suggest major abuses of the current definition of independence by students and their families.

On balance, it does not appear, relatively, that these students constitute a heavier drain on the public purse than a decade ago. The pattern of independent student participation—especially within the federal programs—appears to have held reasonably steady.

You asked as well, based on our study of the issue, what definition of independent student status we would recommend?

In March of 1982, the Coalition adopted the recommendation of its Committee on Needs Assessment and Delivery the one additional base year be added to the current federal definition of a self-supporting student for undergraduates and that the current federal definition be continued for students who are enrolled in educational programs beyond the first baccalaureate degree. As part of this action, the Coalition also noted that:

(1) Differentiation for eligibility for Guaranteed Student Loans should be recognized within the parameters of the needs test, and, further, the Department of Education should promulgate regulations which call for the consideration of parental, rather than family income in needs analysis for dependent students for Guaranteed Student Loans, and

(2) The recommendation is explicit with regard to the maintenance of the current federal definition for graduate and professional students.

This recommendation received the approval of 21 member organizations present at the meeting, with the exception of the representative of the United States Student Association who abstained.

The Committee reviewed the position taken by the Coalition again this spring in light of regulations published by the Department of Education proposing major modifications in the existing independent student definition. This is the point at which the Committee undertook a review of some of the data presented today and decided to hold to the recommendation that had been advanced and approved the year before.

The definition recommended by the Coalition grew out of long term discussion and debate and out of the desire to achieve a measure of consensus within the group on a very important aspect of student aid policy. It was felt that the recommendation represented an appropriate policy response and modified reasonably the existing definition, specifically taking into consideration: the need to establish a reasonable and verifiable history of self-sufficiency before an aid applicant can receive funds based on eligibility as an independent student, emphasizing the primary responsibility of the student and his or her family in meeting college costs; the clear difference in perception in parental and public attitudes about graduate and professional study beyond the baccalaureate degree; the concern that any alteration to the definition not effect disproportionately any identifiable category of student nor serve arbitrarily to impede student access.

I must emphasize that the Coalition's recommendations should not be taken to mean there is consensus within the financial aid community on this issue.

In view of the additional studies and research conducted since the full Coalition last considered the independent student definition, I would be glad to go back, if the Subcommittee would like, and ask the Coalition membership for a review of the situation.

Thank you for the opportunity to present this information.

APPENDIX I.—COMPARISON OF THE DEFINITION OF INDEPENDENCE FOR THE PELL GRANT PROGRAM IN 1973–74 TO THE DEFINITION OF INDEPENDENCE FOR THE PELL GRANT PROGRAM (AND CAMPUS-BASED PROGRAMS) IN 1982–83

1973–74	1982–83
1973–74 (Basic (Pell) Grant) "Independent Student" means a student who: (1) Has not and will not be claimed as an exemption for Federal income tax purposes by any person except his or her spouse for the calendar year(s) in which aid is received and the calendar year (base year) prior to the academic year for which aid is requested. (2) Has not received and will not receive financial assistance of more than $600 from his or her parent(s) in the calendar year in which aid is received, and the calendar year (base year) prior to the academic year for which aid is requested, and (3) Has not lived or will not live in the home of a parent for more than two consecutive weeks during the calendar year in which aid is received and the calendar year (base year) prior to the academic year for which aid is requested. (45 CFR 190.42)	1982–83 (Pell and Campus-Based) "Independent Student" is a student who is: (a) A single student who for 1981 and 1982— (1) Has not lived and will not live for more than six weeks in each year in the home of the parent(s) for whom income must be reported according to the regulations for the Pell Grant and campus-based programs; (2) Has not beenm claimed and will not be claimed as a dependent for Federal income tax purposes by the parent(s) for whom income must be reported according to the regulations for the Pell Grant and campus-based programs; and (3) Has not received and will not receive financial assistance for more than $750 in each year from the parent(s) for whom income must be reported according to the regulations for the Pell grant and campus-based programs; or (b) A married student for 1982— (1) Will not live for more than six weeks in the home of the parent(s) for whom income must be reported according to the regulations for the Pell Grant and campus-based programs: (2) Will not be claimed as a dependent for Federal income tax purposes by the parent(s) for whom income must be reported according to the regulations for the Pell Grant and campus-based programs; and (3) Will not receive financial assistance for more than $750 from the parent(s) for whom income must be reported according to the regulations for the Pell Grant and campus-based programs.

APPENDIX II.—RECENT CONCERNS—A BRIEF PERSPECTIVE

Need-based student aid is provided in relatively progressive fashion, after it is determined that parents have contributed to the costs of postsecondary education to the extent of their ability. This principle has remained consistent in policies adopted by the Congress for programs of the federal government and for the vast majority of aid programs administered by states and institutions.

Indeed, the independent student definition itself is an attempt to assure that an individual student wishing to be considered self-supporting does not have parental financial resources available—which should be does not have parental financial resources available—which should be accounted for in an assessment of ability to pay and program eligibility.

As the Committee knows, there have been suggestions from student and administrators and from the Department of Education that a more restrictive definition of student independence would better direct limited student aid funds to those in greatest need. These suggestions flow mainly from concerns over students—with available parental resources—who misrepresent their status or adopt independent status for the purpose of qualifying for higher levels of student assistance. Those who call for tighter controls feel that the current definition too easily allows parents of means to transfer the responsibility for financing their children's education to the taxpayer by means of eligibility for highly subsidized student assistance funds.

Within the Coalition community, there has been expressed equal concern for the problems for students and families if the national definition should be made more restrictive. A definition which seeks to establish as longer history of student self sufficiency or that employs a minimum age criterion, they argued, would impede or eliminate from program eligibility large numbers of students, both traditional and non-traditional, who have no reason to expect any degree of parental support.

APPENDIX III.—BASIS (PELL GRANT PROGRAM—ELIGIBLE APPLICANTS; INDEPENDENT APPLICANTS)

	1976–77	1977–78	1978–79	1979–80	1980–81	1981–82	1982–83
Total eligibles	2,258,043	2,390,320	2,228,603	3,029,745	3,420,000	3,420,000	3,340,776
Percent dependent	63.1	58.1	60.3	61.8	57.0	54.9	51.7
Percent independent	36.9	41.9	39.7	38.2	43.0	45.0	48.3
	(833,265)	(1,001,661)	(885,739)	(1,157,447)	(1,471,113)	(1,528,495)	(1,613,590)
AGE DISTRIBUTION—INDEPENDENT ELIGIBLES							
22 years and under (percent)	32.1	31.0	29.8	31.4	30.4	30.7	30.0
23 years to 30 years (percent)	47.8	47.9	47.6	45.6	45.6	45.0	45.0
Over 30 years (percent)	20.1	21.1	22.6	23.0	24.0	24.2	25.0

Source: U.S. Department of Education, Office of Student Financial Assistance.

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APPENDIX VI.—CAMPUS BASED STUDENT AID PROGRAM RECIPIENTS (UNDUPLICATED)

Number of recipients, dollars awarded	1974–75	1975–76	1976–77	1977–78	1978–79	1979–80	1980–81	1981–82
Undergraduate dependent	850,371	1,424,616	1,052,554	1,007,544	911,060	1,112,999	1,006,838	1,026,347
	$650,274,549	$825,199,770	$788,939,502	$841,377,258	$832,559,078	$974,842,123	$1,088,141,877	$1,011,144,870
Undergraduate independent	[1] 256,353	[2] 333,470	[3] 373,946	[4] 306,974	[5] 330,432	[6] 510,425	[7] 375,823	[8] 376,320
	[1] $227,695,732	[2] $311,956,179	[3] $302,603,887	[4] $333,950,520	[5] $361,378,375	[6] $415,498,456	[7] $431,288,383	[8] $391,525,529
Graduate and professional students	64,908	75,572	78,784	205,155	128,329	234,960	110,064	104,304
	$78,029,714	$102,232,523	$115,194,048	$153,863,425	$158,194,686	$195,014,836	$197,949,118	$156,586,269
Less than 1/2 time							554	648
							560,321	530,930
Total number of recipients	1,171,632	1,833,658	1,505,284	1,519,673	1,369,821	1,858,384	1,493,275	1,507,619
Total dollars awarded	$956,000,000	$1,239,388,472	$1,206,657,437	$1,329,191,203	$1,402,132,139	$1,585,355,415	$1,717,939,699	$1,559,737,598

[1] 21 percent. [2] 18 percent. [3] 24 percent. [4] 20 percent. [5] 27 percent. [6] 25 percent. [7] 23 percent. [8] 26 percent.

Source: U.S. Department of Education, Office of Student Financial Assistance.

APPENDIX V.—COMPARISON DATA FROM PUBLIC INDEPENDENT AND PROPRIETARY INSTITUTIONS[3]

Table 1.—Profile: All Recipients of Need-Based Aid.
Table 2.—Profile: Characteristics of Dependent and Independent Recipients of Student Aid.
Table 3.—Student Expenses and Sources of Support: Dependent Recipients of Need-based Aid, 1981-82.
Table 4.—Student Expenses and Sources of Support: Independent Recipients of Need-based Aid, 1981-82.
Information on the studies.

TABLE 1.—PROFILE: ALL RECIPIENTS OF NEED-BASED AID 1981-82

	Independent institutions	Public institutions	Proprietary institutions
Average age	21	21	25
Percent who are:			
18 or less	21	11	9
19 to 21	61	47	38
22 to 25	13	23	23
26 or more	5	19	30
	100	100	100
Percent minority	16	35	54
Family income (percent):			
Under $6,000	18	41	56
$6,000 to $12,000	13	19	20
$12,000 to $18,000	13	14	11
$18,000 to $24,000	16	12	7
$24,000 to $30,000	16	8	4
$30,000 to $36,000	11	4	1
Over $36,000	13	2	1
	100	100	100
Status:			
Dependent (percent)	87	61	46
Independent (percent)	13	39	54

TABLE 2.—PROFILE: DEPENDENT AND INDEPENDENT RECIPIENTS OF STUDENT AID, 1981-82

	Independent institutions	Public institutions	Proprietary institutions
DEPENDENT STUDENTS			
Average age	20	20	N/A
Percent who are (percent):			
18 or less	24	16	17
19 to 21	66	64	61
22 to 25	10	18	18
26 or more	0	2	4
	100	100	100
Percent minority (percent)	14	33	42
Family income (percent):			
Under $6,000	11	21	34

[3] Tables complied by Elaine El-Khawas, Vice President, Policy Analysis and Research, American Council on Education for A Policy Seminar sponsored by The Associational Council for Policy Analysis and Research and the National Commission on Student Financial Assistance, June 3, 1983.

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TABLE 2.—PROFILE: DEPENDENT AND INDEPENDENT RECIPIENTS OF STUDENT AID, 1981–82—Continued

	Independent institutions	Public institutions	Proprietary institutions
$6,000 to $12,000	12	20	23
$12,000 to $18,000	14	19	16
$18,000 to $24,000	18	18	14
$24,000 to $30,000	19	12	8
$30,000 to $36,000	13	7	3
Over $36,000	14	3	1
	100	100	100
INDEPENDENT STUDENTS			
Average age	26	25	N/A
Percent who are: (percent):			
18 or less	4	2	2
19 to 21	50	18	19
22 to 25	30	33	27
26 or more	36	48	52
	100	100	100
Percent minority (percent)	30	37	57
Family income (percent):			
Under $6,000	68	77	74
$6,000 to $12,000	23	17	18
$12,000 to $18,000	7	5	7
$18,000 to $24,000	2	1	1
$24,000 to $30,000			
$30,000 to $36,000			
Over $36,000			
	100	100	100

TABLE 3.—STUDENT EXPENSES AND SOURCES OF SUPPORT: DEPENDENT RECIPIENTS OF NEED-BASED AID, 1981–82

	Independent institutions: Average dollars	Independent institutions: Percent of total costs	Public institutions: Average dollars	Public institutions: Percent of total costs	Proprietary institutions: Average dollars	Proprietary institutions: Percent of total costs
Student expenses:						
Tuition, fees	$4,190		$971		$2,815	
Other	3,039		2,844		2,733	
Total, expenses	7,229	100	3,833	100	5,548	100
Student resources: parental contribution						
Grants need based:						
Pell	529	7	714	19	970	18
SEOG	222	3	117	3	128	2
State (include SSIG)	611	9	159	4	128	2
Institutional	822	11	43	1	2	0
Total, grants	2,185	30	1,033	27	1,228	22
Student employment:						
Coll. work-study	428	6	252	7	66	1

TABLE 3.—STUDENT EXPENSES AND SOURCES OF SUPPORT: DEPENDENT RECIPIENTS OF NEED-BASED AID, 1981–82—Continued

	Independent institutions		Public institutions		Proprietary institutions	
	Average dollars	Percent of total costs	Average dollars	Percent of total costs	Average dollars	Percent of total costs
State/institute	124	2	94	2	39	1
Total, employment	551	8	346	9	104	2
Loans:						
NDSL	339	5	156	4	225	4
GSL/FISL	1,110	15	555	15	1,235	22
Institutional	21	0	8	0	8	0
Total, loans	1,470	20	719	19	1,468	26
Student contribution	891	12	540	14	423	8
Other aid	569	8	282	7	193	4
Total, all resources	6,972	97	3,390	88	3,897	70
Balance: remaining need	257	3	443	12	1,651	30

Note: Each dollar figure is an average; individual averages do not precisely add to subtotal and total averages.

TABLE 4.—STUDENT EXPENSES AND SOURCES OF SUPPORT: INDEPENDENT RECIPIENTS OF NEED-BASED AID, 1981–82

	Independent institutions		Public institutions		Proprietary institutions	
	Average dollars	Percent of total costs	Average dollars	Percent of total costs	Average dollars	Percent of total costs
Student expenses:						
Tuition, fees	$3,326		$702		$2,831	
Other	4,998		5,370		4,578	
Total, expenses	8,224	100	6,125	100	7,410	100
Student resources: Parental contribution	136	2	11	0	0	0
Grants (need-based):						
Pell	1,169	14	832	14	1,101	15
SEOG	76	1	146	2	126	2
State (incl. SSIG)	1,013	12	158	2	54	1
Institutional	374	5	31	1	0	0
Total, grants	2,633	32	1,168	19	1,281	17
Student employment:						
Coll. work-study	231	3	276	4	35	1
State/institut.	95	1	171	3	74	1
Total, employment	325	4	447	7	109	2
Loans:						
NDSL	143	2	161	3	263	4
GSL/FISL	734	9	534	9	1,221	16
Institutional	44	0	17	0	13	0
Total, loans	921	11	712	12	1,497	20
Student contribution	2,096	26	1,959	32	2,070	28
Other aid	667	8	339	6	292	4
Total, all resources	6,777	82	4,636	76	5,249	71
Balance: remaining need	1,447	18	1,488	24	2,160	29

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For further information on the studies

"Recent Trends in Financial Aid to Students Attending Independent Colleges and Universities," by Virginia Hodgkinson and Julianne Still Thrift. Available from: The National Institute of Independent Colleges and Universities, 1717 Massachusetts Avenue, N.W., Suite 601, Washington, D.C. 20036. (202) 483-9434. $2.50 per copy.

"Student Aid and Public Higher Education: A Progress Report", by Jacob A. Stampen. Available from: The American Association of State Colleges and Universities, One Support Circle, Suite 700, Washington, D.C. 20036. (202) 293-7070. $5.00 per copy.

"Proprietary Vocational Schools and Federal Student Aid: Opportunities for the Disadvantaged," by Wellford W. Wilms, prepared for the National Commission on Student Financial Assistance. Copies of this report will be available through the ERIC Document Reproduction Service by September 1983.

Mr. GUNDERSON. I understand that Dr. Anrig would like to go last.

Mr. Heffron.

STATEMENT OF MARK HEFFRON, VICE PRESIDENT, AMERICAN COLLEGE TESTING PROGRAM

Mr. HEFFRON. I am Mark Heffron, assistant vice-president for financial aid services for the American College Testing Program. I appreciate the opportunity to appear before you today. I would like to summarize some of the points raised in my written testimony. That testimony was based on the committee print and not the final bill and therefore may not recognize some clarifications that are included in the final bill.

First the independent-student definition. There is a broad perception in the financial aid community that there is abuse occurring under the current Federal definition of independent student. We have no reason to believe that that perception is wrong. We think that the criteria for defining independent should be fairly strict. Funds are too scarce to waste them on those who could but choose not to either provide or accept parental support.

We like the provision in the bill which grants automatic independence to those students over the age of 24. Most students over that age are currently independent under the current definition, and we think it simplifies it quite a bit.

The provision allowing an independent student 6 months of residence with their parents over a 2-year period, however, we think would lead to abuse. If you look at the typical attendance pattern of the traditional student going to school over the years, in a period of 2 years that student could demonstrate independence if their parental contribution were $1,000 or less, at that point you increase your demand on financial aid when you did not need to do that.

Conceptually we like the idea of requiring an independent student prove sufficient means to have been self-supporting, something I used to do when I was a financial administrator on campus. It requires an incredible amount of discretion in its exercise. I think there would be severe problems in including that type of language in the statute. If it is in the statute it has that be on the form. I do not know how I would go about posing that question on the form, particularly with the discretion of enforcement. I do not know how you tell a student you have to have had $4,700 or less if that is an unreasonable amount and how you get that question asked. The Pell Grant Program does not allow discretion to be ex-

ercised. The current system would not respond well to perhaps three different schools contacting a central processor and saying we would like to make an exception for the student. I do not know how you will exercise that discretion in the program. It is a formula-driven program. I think primarily low-income students would be hurt by this, since they are the ones who are going to be least likely to be able to prove sufficient means to have been self-supporting.

My own experience dealing with a program in Colorado, in our experience of that judgment, if they were registered in the Colorado Migrant Council that was good enough for us. We knew they were well below the poverty level in earnings already. I think the concept is a good one; however, I am inclined to suggest that the bill say that an institution may at its discretion choose to use this as a criterion but not require it to be part of the definition.

The student aid master calendar, I would like to detract only slightly from the applause Dr. Keppel gave to that issue. It is unfortunate that such a provision is necessary, although I believe because of the delays we have had in the past it probably is, and we suggest some slight modification. The dates that relate to making decisions and approvals I believe should be left in the bill. These would include approval of systems, forms and so forth. The dates that relate to mechanical actions, however, I would delete from the bill, such things as forms to the printers by August 30, printing done by October 1, forms distributed by November 1, although I want to qualify my concern with the last one.

My reasons are these. We rely heavily on IRS language to write instructions to the form. If they are a little late, it may be prudent to wait to submit the forms to the printers. Under the law we would be liable for not having delivered them to the printer. An October 1 printing deadline, we do not print all our forms and then distribute all our forms at ACT. We print and distribute on a rolling basis. It is more efficient, less costly, and means we do not have to pay storage on the forms. I would not want to be precluded from doing that by law. There are things beyond our control that might cause forms to arrive later than November 1—a trucker strike, lost shipment, a mistake. We intend that the students have the information at that time. Specifying a particular day could cause difficulties that are unnecessary and so forth.

In summary, I think the calendar is probably necessary but I think it should allow for reasonable flexibility and discretion while getting the same thing out of it.

Next, need analysis, section 482. I also would commend you on separating the Pell grant formulas and the need analysis. They serve very different purposes and are developed for very different intents. However, we strongly suggest that the specifics of the need analysis formula not be written into the law. Under the uniform methodology we have come very close to having a single consistent nationwide standard of need for all funds, Federal, States, institutional and private, that the higher education community wants and that Congress has indicated that it wants. We really do not want to lose this. The need analysis formula currently specified has some very, very severe problems. I would be glad to go into the specifics if you like, but in my opinion I think it is very unlikely that States,

institutions, or private members would use that formula to distribute their own funds. If they do not, we have lost the progress that we have made in that we will have multiple standards of need. It will complicate the process for students and complicate the administrative process a great deal.

We also would not recommend writing uniform methodology into the law. To do so with all its provisions and methods of update and tables would probably take 100 pages of legislation. Even there there is much room for error and misinterpretation. We suggest that the section be modified to accommodate approval by the Secretary of uniform methodology as it is developed and updated annually by the National Aid Coalition. I believe this process has worked extremely well in the past and that it should be continued.

Our position regarding forms and delivery I think is expressed well enough in the testimony.

Again, thank you for the opportunity to testify, and we will be happy to answer any questions you might have.

Mr. GUNDERSON. Thank you.

[Prepared statement of Mark Heffron follows:]

PREPARED STATEMENT OF MARK HEFFRON, ASSISTANT VICE PRESIDENT, FINANCIAL AID SERVICES, THE AMERICAN COLLEGE TESTING PROGRAM

My name is Mark Heffron and I am Assistant Vice President for Financial Aid Services for the American College Testing Program. I appreciate the opportunity to appear before you today.

I have been asked to comment on the provisions of the proposed legislation regarding the independent student definition, the student aid master calendar, and the Institutional Block Grant Program. In addition, I would like to comment on the need analysis and forms provisions of the proposed legislation.

INDEPENDENT STUDENT DEFINITION

The independent student definition acts as a switch which determines whether a parental contribution will be expected in calculating a student's need for financial assistance. For simplicity and consistency, most aid programs use the Federal Criteria to determine dependency status, where there is deviation, it is in the direction of making the definition more strict. There is, however, no unanimity of opinion as to what the exact criteria should be.

One question that might be asked is, "At what point in time does a parent become just another taxpayer with no more responsibility for financing his or her child's education than any other taxpayer?" Some people will say never; others will say this should occur whenever the parent or child want it to. ACT feels that it should be relatively difficult to attain independent student status. Funds are too scarce to waste them on those who could, but choose not to, provide or accept parental support. And, if there is a perception of abuse, many will take action to assure that the benefits of independent status are minimal. In this process, genuinely independent students will be hurt.

We like the provision in the Bill which grants automatic independence to those over the age of 24. By this age most people are, by nearly anyones perception, genuinely independent; it adds face validity to the process to admit this up front.

The provision that allows an independent student six months of residence with parents over a two year period would, we believe, allow abuse. The traditional dependent student who lives at home during the summer and is away at school during the year could become independent in two years if the parental contribution is under $1,000. Once this status is established, however, the parental contribution will be lost and the demand on aid funds will increase. It would seem more appropriate to leave the living with parents criteria at six weeks per year as it now is. This should more than cover the incidental visits to a parent by a student who is self-supporting.

As an institutional financial aid administrator, I required independent students to prove that they had had sufficient resources to have been self-supporting. The policy worked well because we could exercise discretion in its enforcement. We do not be-

lieve that the criteria should be required in the statute, however. First, it is a question that is nearly impossible to ask on a need analysis form. Second, if statutorily required, some standard of "sufficient income" will have to be established. Whether that standard be the BLS low budget, the poverty threshold, or some other figure, it will not be universally appropriate. The resources required for self-support by a migrant worker and a person from an urban environment, for example, may be quite different. If discretion were allowed, this criteria might work; the Pell Grant Program allows no such discretion and we fear that the criteria might do more harm than good.

It should be noted that there is a conflict between the independent student definition stated in Section 403(e) (3) (A) and the definition for independent married students in Section 483 (c) (1) (E). This should be resolved.

STUDENT AID MASTER CALENDAR

I did not receive a draft of the proposed Student Aid Master Calendar in time to include comment in my written testimony. I will provide my written comments to the Subcommittee on that topic at a later date.

INSTITUTIONAL BLOCK GRANT

Since ACT is not involved in the administration of student aid on campus, we are not the best organization to comment on the specifics of the Institutional Block Grant Program. From my prior experience and from talking with institutional financial aid administrators, however, I do know that any freedom that a school has to determine the mix of loan, grant and work-study funds for its students is helpful in providing these students with financial aid packages best suited to their circumstances.

In the area of simplification, the suggestion that we hear most often is to make the Pell Grant Program more like a campus-based program. It is now a formula driven program with no human cushion between the formula and the student. No discretion can be exercised; everything is regulated. As such, it can be a difficult and frustrating program to administer.

NEED ANALYSIS—SECTION 482

We commend you for making a clear separation in the law between the Pell Grant eligibility formula and need analysis methodology. This separation recognizes that the sole purpose of the Pell Grant formula is to determine eligibility; for Pell Grant funds. A need analysis methodology, on the other hand, should be used to determine a student's need for assistance from all sources without regard to the availability of funds from any particular source.

It is appropriate for the specifics of the Pell Grant eligibility formula to be written into the law. It is a formula with a unique, single-program purpose; it is a formula which allows no individual discretion to be exercised. It's codification will assure the distribution of Pell Grant funds to the population of students intended by Congress and assure year-to-year consistency and stability in the awards.

The original outline of the Bill's provisions suggested that the Uniform Methodology need analysis be used to determine students' need for campus-based Federal funds. The draft Bill, however, requires that a need analysis formula be developed by the Secretary and specifies certain characteristics to be included in that methodology. We believe that the original approach, that of using the Uniform Methodology, is preferable for a variety of reasons.

The very essence of a need analysis methodology is that it be independent of any particular aid program or set of aid programs. A need analysis result should say to a family "This is what we feel you need. We hope you can find it." It should not say "This is all we can (or want to) give you from this set of programs. Therefore, this is all you need."

We recognize the concern that the Congress has in assuring that campus-based Federal funds are distributed appropriately and that they serve the populations from whom they are intended. We believe that the Uniform Methodology has been an effective vehicle for meeting these concerns in the past. As a self-regulatory effort of the higher education community, it has become the standard upon which the vast majority of non-Pell Grant financial aid funds from all sources (Federal, state, institutional, and private) have been distributed. It has become the single national standard of need desired by the Congress and the higher education community. As such it has promoted consistency in aid awards and simplified the aid application process for students and institutions by allowing them to deal with a single

result. If a different analysis is prescribed in the law for use with campus-based Federal funds, this consistency will be lost. The process will become much more difficult for families to comprehend and for institutions to administer.

Therefore, we would suggest that the wording of Section 482 be modified to accommodate the approval by the Secretary of the Uniform Methodology as developed and updated annually by the National Student Aid Coalition. This process has worked very well in the past, and should be continued.

FORMS—SECTION 483

Attached to this testimony is a paper regarding the "common form" issue that I wrote for the National Student Aid Coalition in January 1983. It provides a detailed discussion of some of the complexities of the issue.

The quest for simplicity in the student aid application process must not be a blind one; and it must recognize the unique nature of the student aid delivery process. We are aware of no other assistance process in which Federal, state, institutional, and private funds may be applied for and awarded in a single coordinated flow. Although the Federal government is the largest single source of funds, a significant amount, about $3.6 billion, comes from state and institutional sources. If this coordinated flow is to be maintained and improved upon, the needs of all of the parties must be accommodated. No one party should declare itself the senior partner and expect the others to make do.

There is an inverse relationship between the simplicity of a form and the sensitivity of the resultant analysis to a family's individual circumstances. A balance must be achieved. The development of a simple or common form is not an end in itself. It is merely one step toward the goal of attempting to get the right funds to the right students at the right time. There are many other factors involved in achieving that goal including the efficiency with which the delivery process may be administered. The services which surround the collection and delivery of data from students may compliment or confound this administrative process. It does the student little good to have completed a simple form if the aid received is too little or too late.

Great strides have been made in recent years in simplifying the financial aid application process for students. Most students can now apply for a Pell Grant, for campus-based Federal funds, and for state institutional, and private aid by completing a single form; previously, five or more forms might have been necessary. Most students now have their need for financial assistance figured in a uniform, consistent manner regardless of the form they complete, the school they attend, or the source of their assistance; this has not always been true. Many of these advances have been made with the cooperation of the Federal government. The Secretary of Education has approved the Uniform Methodology for use with campus-based funds. The Multiple Data Entry (MDE) process has been established; MDE-approved forms are allowed to include the data needs of states and institutions.

The private need analysis services have provided the vehicle for implementing many of these improvements. Because we have operated in an open competitive environment, we have been required and able to respond to these needs. The financial aid services that ACT provides are designed by the institutions and agencies which use our form. We must respond to their needs and their students' needs; if we do not, they have an alternative. ACT's service is as good as it is because we have competition. That competition forces us to improve, to innovate, and to serve real needs.

We are concerned about the provisions of Section 483 as they relate to the common form and fee issues. Our concern is not one of philosophy or intent but rather one of practical implementation.

All parties to the financial aid process have benefited greatly from the competitive environment that has existed in the provision of financial aid services. Institutions and agencies have expressed a strong desire to us to have this environment continue. It has done much to serve the needs of the wide diversity of schools and students in this country.

We will be happy to work with the Congress and the Department of Education to develop a financial aid delivery system which improves upon the current process and is acceptable to all. We ask, however, that this delivery process be defined before the final wording of Section 483 is set. Only then can it be assured that the new process is indeed an improvement.

ERIC

SINGLE FORM, COMMON FORM, COMMON FORMS, OR WHAT

BACKGROUND

The complexity of the financial aid application process has been an issue for a number of years. Some have argued that the complexity has confused some students and discouraged some needy students from applying for financial aid.

At one time, most students had to complete two or more forms to apply for financial aid from all major sources. The Basic Grant Program had its unique form; a need analysis service form was usually required by the institution. In addition, state scholarship agencies had their own forms as did many institutions. At best, the process was tedious for parents and students; at worst it was confusing and discouraging.

For the 1978-79 academic year, both the American College Testing Program (ACT) and the College Scholarship Service (CSS) restructured their need analysis forms to allow concurrent collection of state grant application data on a state-by-state basis. As a result, most state agencies have since dropped their separate applications. In that same year, ACT offered the institutions in any state the opportunity to design their own statewide institutional aid application and have it distributed with the ACT form; the institutions in twenty-one states have taken advantage of this option.

The Multiple Data Entry (MDE) process was also established for 1978-79. MDE allowed students to have information from their ACT, CSS, or Pennsylvania forms sent to the Basic Grant Programs; a separate BEOG application was no longer required of the student. Modifications were made to the service agency forms to ensure that they collected the same information in the same manner as the BEOG form. The Department of Education expanded the amount of information collected on the BEOG form so that a Uniform Methodology need analysis calculation could be performed from it.

As a result of these cooperative efforts, by 1979-80 most students could apply for financial aid from all sources by providing the information requested in a single financial aid application packet. This has often been referred to as the "common form" process. More accurately, the procedure involves several forms which share in common the data tht are needed for the Pell Grant and Uniform Methodology calculations. In fact, to make it possible for each student to complete a single form to apply for federal, state, and institutional aid, twenty-seven editions of the ACT Family Financial Statement and thirty-four editions of the CSS Financial Aid Form are printed.

STATUTORY RESTRICTIONS

It is with this background that the Education Amendments of 1980 were passed. This statute states that "The Secretary (of Education), in cooperation with representatives of agencies and organizations involved in student financial assistance, shall prescribe a common Federal financial aid application to be used to determine the need and eligibility of a student for financial assistance under (the Pell Grant and campus-based federal student aid programs)." The statute further provides that states, institutions, and private organizations may simultaneously collect additional data "to determine the eligibility of a student" for non-federal aid.

It is not the purpose of this paper to attempt an interpretation of the statutory provisions. A number of questions are raised by its language, however. Does the statute require a single federal form which is to be processed by several processors or does it allow, as is now the case, several forms which share common federally-prescribed data elements? Is the supplemental data which may be collected with federal data restricted only to that related to eligibility for non-federal aid? Is an institution allowed to require a student to provide more than the federally-prescribed data in determining a student's need, eligibility, and awards for campus-based federal aid? These questions must eventually be answered as these issues have a substantial impact on the way student aid is administered.

INFORMATION NEEDS

As with many things, in the controversy surrounding the financial aid application process there is a tendency to prescribe solutions without a clear understanding of the problem. One must assure that that which looks simple is simple and not just simplistic.

Typically there are two kinds of data which are collected by the financial aid application process—data which are used to drive formulas and data which are used to

explain circumstances and upon which discretionary decisions may be based. Formula data needs can usually be described in finite terms. The Pell Grant Student Aid Index calculation, for example, uses a fixed amount of information. Beyond the data elements required for the computer calculation, no additional information is needed or can be used; the program does not allow discretionary decisions to be made.

The data needs for non-formula purposes are theoretically infinite. Because of the wide range of human circumstances that may be encountered and may need to be considered in determining need, eligibility, and actual awards, it is impossible to put an absolute limit on the type of information that may be useful. The type and amount of non-formula data that is collected is usually determined by relying on experience of judge what information is likely to be useful for a significant number of students.

Philosophies of non-formula data collection vary between institutions. Some institutions collect a minimal amount of data, make awards, and relay upon students to bring any injustice to their attention; this procedure is most typical at large institutions with computer capability. Other institutions collect significantly more information from students and try to tailor eligibility, need, and awards to the particular student before making an aweard offer; this procedure is most typical at smaller institutions and private schools. The philosophy of data collection will also vary with the type of student the institution serves. Some may reasonably expect their students to be assertive and to do things right or lose out on aid; others may feel it necessary to ferret out student needs in spite of the student's efforts.

It must be appreciated that the information needs of every school, every student, and every region of the country are not the same. A common form which results in a common degree of mediocrity benefits no one. It should also be understood that, beyond formula data, the type of information required can rarely be identified with any particular source of funding or student aid program. The language of the 1980 Education Amendments implies that there are finite definable data requirements for determining eligiblility and need for federal funds versus other funds. Beyond the Pell Grant Program, this is simply not true. Institutions use both formula data and non-formula data to determine a student's need; the source of funds does not become a consideration until awards to meet this need are packaged.

WHAT SOLUTION

Ideally, each student should have to provide only the absolute minimum of information that will allow fair consideration for all of the assistance for which he or she is eligible. Ideally, a student should be able to provide this information all at once and only once. While this ideal may not be practically attainable, it should be the goal in structuring the student aid application process.

It would be possible to design numerous version of an aid application form each collecting only the information most likely to be needed from students in a particular circumstance (e.g. dependent/independent, graduate/undergraduate, wealthy/poor, farm/business assets or not, married/divorced parents, etc.). Such a procedure would require that students have certain information and make certain decisions in order to select the proper form to complete. The process of choosing the proper form could become more confusing than answering (or skipping) some extraneous questions. High school and colleges would have to devote substantially more time to assisting students with form selection; one can imagine that some might develop "form selection" forms.

Although it is impractical to tailor forms to individual students, the current forms are designed so that students may complete or skip entire sections of the form based upon their circumstances. As previously mentioned, ACT and CSS also publish numerous state-specific editions of their forms, each designed in conjunction with state agency and institutional personnel to collect the information that is most relevant to the students and aid programs in that state. This procedure results in the collection of less extraneous data and in the creation of fewer separate institutional forms than would a single national form. The private services have found that a state is the smallest logical entity for which a special form may be designed. Few people are aware that there are over seventy editions of various forms printed since most students needs select from only one or two and complete only one.

The ideal of students being able to submit financial aid information all at once and only once has been achieved for many students in areas where Pell Grant, state, and institutional data are collected in a single packet. Corrections and amendments to information must still be sent separately to the need analysis services and

the Pell Grant processors since the Department of Education has not chosen to accept corrections from the MDE processors.

Since the Pell Grant Program is the only national formula-driven program, it may be desirable to have a separate, simplified form for use by students applying only for this grant. These would be students who will attend institutions which administer only the Pell Grant and students who begin the application process after all campus-controlled assistance has been exhausted. Prior to MDE, the Basic Grant application form was designed to collect only the data required for the program. With the advent of MDE, the additional data required to calculate the Uniform Methodology family contribution were added. While the current federal form is graphically simpler than the old Basic Grant application, it does ask more questions.

WHOSE FORM

In theory it might seem beneficial to have a single form available in state editions to simplify the process. Since the federal government is the only logical funding source for such a form, however, this is not a realistic solution. First, there is no incentive for the federal government to meet any needs beyond its own. Because of this, states and institutions have found the service to be unreliable; ED needs and desires are always given priority. Secondly, the federal government is unlikely to give states and institutions the free rein that they need in determining the amount and type of additional data collected. Finally, the collection and delivery of additional data has substantial cost ramifications. The federal government has shown no inclination either recently or in the past to fund such open-ended services.

Currently, the "core" of federally-prescribed data and instructions that appear on the federal form and all MDE-approved forms are determined during months of negotiations between ED and the MDE processors. Following these negotiations, the final result must be cleared through the ED form approval process and the Office of Management and Budget.

Nearly everyone involved in this process will agree that it is cost and time inefficient and involves numerous parties who have no base of experience in finanical aid administration with which to evaluate data requirements. It is a frustrating and time consumming process which adds little, if anything, to the final design of the form.

While it may not be possible to reduce the bureaucracy required to develop the core of federal data elements, this process certainly should not be extended to include other infomation needs. This process should be left to the financial aid community.

CONCLUSION

The establishment of a single national financial aid application form is not practical. Students can best be served when they complete a form that is most relevant to their state and institution.

With the possible exception of a bare-essential Pell Grant application, the federal government is not a logical publisher of forms. The government has no incentive to meet needs beyond its own and has shown no willingness to commit funds to provide adequate service. Nor is a federal administrative department the proper locus for providing the specialized services required for state and campus-based administration of student aid.

The motivation behind efforts to establish a single form or "common" form seems to be a perception that the current forms are too complex and/or are not working adequately. There also seems to be the feeling that the forms and process could be improved if they were federally prescribed and funded. The main problems that have occurred in the current form delivery system have been caused by delay and inaction at the federal level, however. It would take a quantum jump in faith to believe that the situation would improve with even greater federal involvement.

The provision of financial aid application forms and the operation of the financial aid delivery system are inextricably tied together. Both should allow the fair distribution of student assistance funds from all sources in as smooth and simple a flow as is possible. Most state and institutional financial aid administrators are satisfied with the currently available forms; they feel that these forms meet both their needs and their students' needs well. If asked to identify the single factor which would most improve the current delivery system, a majority of institutions would request that they be able to administer the Pell Grant Program based upon the output document of their choice rather than being tied to the Student Aid Report.

Few would view either a federally-prescribed form or a single form of any sort to be an improvement.

As far as most students are concerned there now is a single form since one is typically all they must complete. While most students would vote for simpler forms they would not wish to "simply" be excluded from fair consideration for assistance.

Mr. GUNDERSON. That leaves you, Doctor.

Mr. KEPPEL. Mr. Chairman, may I ask—Mr. Dallas Martin, who is my colleague and chairman of the Committee on Reauthorization of the national coalition, is here. As chairman of that reauthorization committee he is going through a detailed line-by-line job with this committee and is available to answer questions. May I ask if he could say a word about where we are? We are three-quarters of the way along.

Mr. GUNDERSON. No problem, go ahead.

STATEMENT OF DALLAS MARTIN, EXECUTIVE DIRECTOR, NATIONAL ASSOCIATION OF STUDENT FINANCIAL AID ADMINISTRATORS

Mr. MARTIN. Mr. Gunderson, as we have provided to you our work what we have been in the process of doing through a joint task force made up of representatives of a number of associations for the coalition is to take the existing statutes and to review those carefully to try and determine what changes might be desirable in terms of improving efficiency and a better delivery system than we currently have. We have provided for the record a number of these changes at this time. That task force is continuing.

Some of the issues that Dr. Keppel and Mr. Heffron mentioned are issues that we are still wrestling with as it relates to the need analysis and the forms, and I think we have made a lot of progress in the last few years of doing it jointly so we can have an understandable delivery system. We are continuing in that effort and will be continuing to provide the subcommittee with our recommendations as we go forward, but it is an effort that we are excited about and we hope there will be an opportunity for some of this to be folded into the final bill when it comes forth.

Mr. GUNDERSON. We appreciate some reading material.

Mr. KEPPEL. I want you to be sure when you ask questions, ask Mr. Martin, not me.

Mr. GUNDERSON. Dr. Anrig.

STATEMENT OF GREGORY ANRIG, PRESIDENT, EDUCATIONAL TESTING SERVICE

Mr. ANRIG. I am Gregory Anrig, president of Educational Testing Service. I like milk and consume large amounts of it, Mr. Chairman.

Mr. GUNDERSON. This is getting very political this afternoon.

Mr. ANRIG. No, I am just a country educator. Mr. Chairman, with your permission I would like to submit written testimony regarding title V of the bill. It deals with the experience of Educational Testing Service in administering scores of student scholarship programs, teacher fellowship programs, and our experience working with professional programs for educators. We hope the testimony will be helpful to the staff regarding title V.

The reason I asked permission to be last, I know that is a rare occurrence for the witnesses, was because I did not want to interrupt the chain of flow on the very important issues of student aid which my colleagues are addressing. On the other hand, I think it is important—at the same time, you mentioned title V—there are not as many groups that show up talking for high school student scholarships. I wanted to express my strong views on the importance of title V in the overall reauthorization act that you are considering. I offer that from my perspective in the Educational Testing Service, but before coming there 2½ years ago I was a commissioner of education in Massachusetts and have strong feelings about title V and the importance.

Let me speak to that. We are in an exciting time in education. I know you are experiencing that in your State. Change and ferment is going on with regard to school reform. In contrast to the past, however, if you look at where the action has come from on the issue of school reform in the past, it has primarily been at the Federal level. This time the action is happening at the local and State level, and I think that is very healthy and needs to be encouraged. The governance of education of the United States rests at the local level, and also the burden and authority to raise the funds to carry out that change, so I think the fact that this is happening at the State and local level is both appropriate and encouraging.

There is a healthy competition going on that is being led by Governors and State legislators wanting to see which one can come up with the most dramatic educational reform package as fast as possible. We have been working with the States of Tennessee and Florida, for instance, and there is almost a horse race on to see which teacher incentive program will be passed first. I think that is helpful for education.

My concern, however, is that reform is tending to get defined in terms of what can get legislated, so we are seeing legislation passed at the State level that deals more with the quantitative aspect of school operations, more hours, more days, more homework, more courses, even more tests. While these changes have a role to play in the reform of education, what underlies the current top period of reform is the need to improve academic achievement. I think we cannot lose sight of that because what is driving this reform are economic concerns, and the educational aspect of those economic concerns is the issue of academic achievement.

The kind of change we need is not so much structural or quantitative change. What is needed is qualitative and instructional change, and that depends on the teacher in each classroom. The reason I feel title V is so important is that it is the one piece of major legislation which I have seen which deals with the human part of the equation for school reform. Its purpose is to improve teaching, it provides incentives, deals with the continuum of teacher improvement from the selection of future teachers to the preparation of beginning teachers to the support of teachers once they are in the classroom.

I want to stress the importance of title V. I believe it addresses a critical gap in the present period of educational reform and sets an example that States then would be well advised to follow and expand upon.

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I want to commend the chairman, both the presiding chairman and the permanent chairman of this subcommittee, its members and its staff for again demonstrating, as this committee and subcommittee is noted for doing, for demonstrating its commitment, understanding, and leadership for improvement of educational opportunities for all the children of this country.

Thank you.

[Prepared statement of Gregory Anrig follows:]

PREPARED STATEMENT OF GREGORY R. ANRIG, PRESIDENT, EDUCATIONAL TESTING SERVICE

INTRODUCTION

Good afternoon, Mr. Chairman, and members of the Subcommittee. I am Greg Anrig, president of Educational Testing Service (ETS). I am delighted to be here today to comment on H.R. 5240, a bill to amend and extend the Higher Education Act of 1965. My testimony today will pertain only to Title V—Teacher Training Programs.

First, I want to commend you, Mr. Chairman, and your co-sponsors for the renaissance of federal support for the development and recognition of teachers in this country that is reflected in this legislation. This is, I believe, entirely appropriate. The federal role in teacher development should be to provide not only catalytic leadership for state and local initiatives, but also to support directly activities which cannot be conducted locally or which require external help to get started.

Recent federal leadership, in fact, can take a good deal of credit for serving as catalyst to the "bandwagon" effect now pervading our state legislatures and state departments of education to see which state will launch the most comprehensive, innovative and expansive teacher reform program the quickest. My review of the various state initiatives, however, reveals that very few proposals include plans for teacher training or faculty development at teacher education institutions. While a number of states have initiated small scholarship programs for students intending to teach math or science, these are generally funded at minimal levels. To date there seem to be few if any fellowship programs for outstanding in-service teachers. Of the various state plans for reforming certification and evaluation, most that I am aware of are for purposes of permitting a teacher to enter into, or advance within a system. I argue that it is a necessary and appropriate federal function to support the recognition and reward of outstanding teachers and potential teachers as something of value unto itself—something that deserves national attention and notice, apart from any state certification plan.

I have always liked the positive approach. You don't merely call people in once a year and tell them what's right or wrong with them. You offer every possible assistance along the way to help them learn in areas where they are needy so they do even better next time. And you provide opportunities for those who excel to be in a spotlight for all of us to applaud, admire and emulate.

And this is the spirit I find in this legislation, Mr. Chairman. I see a positive plan to support and affirm the importance of teachers and teacher training in this country and I heartily endorse it. I applaud this effort to bring new life and new ideas to bear on these important national responsibilities.

Let me now address specifically the various sections of your new Title V. We at ETS have had experience which is relevant to several of your proposals, and I would like to share this with you and the Subcommittee, as you have requested.

COMMENTS ON H.R. 5240

Part A—Carl B. Perkins Scholarship Program

I cannot think of a more appropriate way to honor Carl Perkins, who has made a lifetime commitment to improving education in this country, than to establish a scholarship program in his name for outstanding youth planning to enter teaching. I have several comments to make about specific details of the proposal based on experience gained at ETS. As you may know, we currently operate over 100 scholarship and fellowship programs, including The Presidential Scholars Program to honor our nation's most distinguished high school seniors, national recognition programs for outstanding persons in specific categories (including a fellowship program for teachers of the humanities and another for outstanding mathematics and science

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teachers) as well as corporate scholarships for employees' children (sponsored by the College Scholarship Service of the College Board).

The bill as it now reads require that Perkins scholars be selected "from students who have graduated or who are graduating from high school and who rank in the top 5 percent of their graduating class" and who "demonstrate an interest in teaching." I know that at your hearing last week some questioned whether restricting applicants to the top 5 percent of the class would yield a large enough pool for a meaningful competition. The witnesses, I understand, felt that extending the percentage to the top 10 percent would be advisable, although data were not available as to how many that might include. I would agree with their assessment and can share with you data obtained from SAT-takers in 1983 who indicated plans for career in education and who also provided their (self-reported) rank in class. These data are not available for those ranking in the top 5 percent of their class, but we found about 5,000 who were in the top 10 percent of their class. This small number—about 13 percent of all those planning education careers—is symptomatic of the problem we are trying to correct. However, I would recommend that you lower the rank in class requirement to no less than the top 10 percent to allow a larger applicant pool for the Perkins Scholarships.

I would also recommend that a second criterion be used in conjunction with rank in class to enhance the equity of the selection process. The point is often made that a standardized test score should not be used as the sole criterion for decision-making. Well, the same goes for rank in class or grade-point average. If only rank in class is used, outstanding students who happen to be attending the most demanding and competitive high schools may not be eligible because of a rank in class which is relatively low within their highly selective group. The opposite is true for students from less demanding schools: less than outstanding applicants might be deemed eligible if nothing but their class rank is considered.

The present plan calls for states to establish their own criteria for selection of Perkins Scholars. By omission of restrictive language, the scholarship would apparently be open to prospective teachers at both elementary and secondary school levels in all disciplines, although "special consideration" would be given to those who want to teach limited-English-speaking children, the handicapped, low-income children, or in subject areas in which there are shortages of qualified teachers.

I am concerned that the present proposal may be too open-ended and I suggest that the Perkins Scholarship program be recast as one clearly defined program with its own national identity—in tribute to Carl Perkins—in which awardees would receive recognition throughout the nation. Competitions would be held at the state level with a designated number of awards made to winners in each state, using criteria established by a national panel.

The model that is most appropriate to share with you from my ETS experience is the Presidential Scholars Program. This program has been in existence for nearly 20 years and is designed to recognize outstanding high school seniors throughout the country. It is operated by the Commission on Presidential Scholars, for which ETS provides technical services for the program's operation. One hundred forty-one students are chosen annually on the basis of their academic success, artistic talent, leadership, and involvement in school and community. From the most outstanding candidates, the Commission on Presidential Scholars selects one young man and one young woman from each state. I have included a fact sheet on this program with my testimony. I think the Presidential Scholars Program is a good model for such a well-deserved tribute to Carl Perkins.

Part B—Talented Teacher Fellowship Program

ETS operates National Recognition Programs designed to identify and recognize talented people in specialty areas on a national basis. Of specific relevance to your proposed Talented Teacher Fellowship Program are the Independent Study in the Humanities Program and the Growth Initiatives for Teachers (GIFT) program. A few comments about these programs may be helpful. (Some brief material about each of these programs is also attached to my testimony.

Independent Study in the Humanities is a two-year pilot program that awards $3,000 merit-based fellowships for summer study to outstanding high school teachers of English, foreign languages, history and the other humanities disciplines. The program is funded by the National Endowment for the Humanities through a grant of $800,000 to the Council for Basic Education. ETS is a subcontractor to the Council for administrative services such as distributing program announcements, receiving applications, convening review panels, compiling evaluation data, ranking the applicants, announcing the awardees and distributing the awards.

Criteria for Humanities Fellows are: Applicants must: have completed at least five years of full-time paid teaching in grades 9–12; have earned at least a master's degree or the equivalent; be teaching at least 3/5 of their schedule in a humanities field; be contracted to teach full-time; have at least five years of service remaining before retirement; and have demonstrated capacity for independent study.

Applicants must describe their intended summer study program, which must be in the humanities and be relevant to their teaching field. Two independent evaluations are required: one by the applicant's principal and the other by a colleague, current or former supervisor, or former student. Final selection by the Independent Study in the Humanities Program is made on the basis of: the candidate's demonstrated capacity for independent study; completed curriculum projects, or other types of professional development; the candidate's classroom performance as certified by a school official and by a colleague or former student; the likelihood that the fellowship will produce lasting benefits for the candidate's teaching; and the merits and feasibility of the proposed plan of study.

This program, although limited to teachers of the humanities, is similar in many ways to the Talented Teacher Fellowship Program you have proposed, and although it is still very young, it is working well and is considered very successful. In its first year, which was 1983, about 100 teachers were selected from 1,000 applicants.

- Growth Initiatives for Teachers, called the GIFT program, which is sponsored by the GTE Foundation, is an exciting new fellowship program for secondary school teachers of mathematics and science. Winners receive a Personal Development Grant of $2,500 for study, field work, or in-service training. In addition, their schools receive a School Enrichment Grant of $2,500. This program is a prime example of a true school/industry partnership, as the teachers' schools must agree to match their enrichment grants in order to participate in the program. ETS administers the GIFT program on behalf of GTE, much as we do the Humanities program just described.

The fellows' program for personal development extends for fifteen months from June through September of the following year, allowing two summers and an academic year for educational activities. Applicants must have completed at least five years of full time paid teaching and must hold at least a bachelor's degree and appropriate state certification. They must carry a full teaching load with at least 3/5 of their schedule in math or science and be under contract to teach full time the following year.

The Independent Study in the Humanities and GIFT programs are just two examples of fellowship programs for in-service teachers, which are now in operation. These programs are focused on secondary school teachers in particular disciplines (the humanities and math and science). The Talented Teacher Fellowship Program proposed by H.R. 5240 would, as I understand it, be open to teachers in all disciplines at both elementary and secondary school levels. I support the federal role in recognizing outstanding teachers. Moreover, I believe it is also appropriate for federal targeting at specific kinds of teachers in areas of national shortage.

Applications from each Congressional District will include those from teachers of all subjects in elementary schools as well as from physics or mechanical drawing teachers, for example, at the high school level. Their backgrounds, recommendations, and plans for their award projects will cover as great a range as their teaching areas. Yet, only two awards can be made per Congressional District. I suggest a tighter focusing of the Talented Teacher Fellowship Program, perhaps to include a distinction between elementary and secondary levels, or to target the fellowships in areas of national shortage as identified by the National Selection Board.

I note that H.R. 5240 does not indicate how long an applicant for a Talented Teacher Fellowship must have been in service to be eligible for the program. Nor does it mention the duration of the fellowship period. I would recommend a requirement of five years of teaching experience, as is required in the two programs I have described. By that period of time, we know the candidate is committed to education and ample evidence of classroom performance should be available on the applicant, observable by his or her peers and principal, to make a valid recommendation. Further, I urge that the duration of the fellowship be established as at least a semester. ETS's experience with the IBM computer donation project which I will discuss shortly also argues for a significant amount of time.

Part C—Institutes and workshops and Part D—Professional development.

I heartily encourage federal support for teacher institutes, workshops, seminars, professional development resource centers, and the other proposals of Part C and D oriented to the development of practicing teachers. One of the most successful experiments of the 1970s was the "Teacher Center," and I see its possible resurrection

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in the proposed resource centers. I believe such centers have great potential for supporting the continuing professional development of teachers by focusing on very practical concerns of instruction on a day-to-day basis. Teacher centers were truly professional centers in that teachers had the key role in determining their direction. I believe there is an important place for such centers in a continuum of teachers' development that I will describe shortly.

At this time, however, I should like to describe a recent experience we have had at ETS which I believe is relevant to your proposals for teacher training institutes and professional development activities in Parts C and D.

The IBM/ETS Secondary School Computer Education Program is the most comprehensive and ambitious computer education program undertaken in American schools to date. ETS assisted in the selection of 89 secondary schools in the states of Florida, New York and California, which received IBM personal computers, software, and training in their use, all donated by IBM. On average, each school received 15 computers, for a total of over 1,500 donated. This was not simply a computer donation program; it was indeed a computer education program.

Possibly the most critical element of the project was its teacher-training component. IBM was determined that the donated equipment be utilized to the fullest possible extent by the widest possible group. Twelve teacher training institutes, four in each of the states, were designated to provide training, network support and follow-up to teachers and schools involved in the project. These institutes, linked with an average of seven secondary schools, also received 15 computers each and a $10,000 grant to offset partially the costs incurred by expanding their training programs to new audiences.

The model for training employed in this project was three-tiered: first, the teacher trainers at the institutes were trained by ETS in the use of the technology and software and in how to train others. Next, at least three teachers and one administrator from each of the 89 participating high schools were trained. And finally, those teachers and principals trained at the institutes returned to their schools and conducted workshops and training sessions for the other teachers.

In the months that followed, regular meetings at the institutes were conducted, and continuing support from IBM, ETS and the training institutes was provided the teachers and schools throughout the project. A quarterly newsletter and an electronic mail network kept participating schools in contact with each other. ETS's role in this project will be completed at the end of the present school year.

What did we learn that can be helpful to the legislation at hand? I have read the testimony presented to this subcommittee last week by Dr. Robert Saunders on behalf of the American Association of Colleges for Teacher Education and want to point out that the findings he described from experience with teacher training are strikingly similar to what we learned from the IBM project. Because of this corroboration, our mutual experiences may be of greater use for policy purposes. Although the teacher training institutes for the IBM Computer Education Program were unique because of the technology involved, there were certain findings relevant to any training situation. These general findings are as follows:

A critical mass of teachers is essential for training to effect change in a school. The value of the team concept was reinforced;

The involvement of a key school administrator became an integral part of the change process and a sine qua non to success;

Teachers receiving training during the school year should receive release time or compensation or both, and during the summer, compensation is essential;

Regular follow-up sessions after the initial training were extremely valuable. Those schools that did not arrange for substitutes so their teachers could return to the institutes for the follow-up sessions did not get full value from the program;

The learning environment of the institutes was very important; creature comforts such as air-conditioning and uncluttered work areas could make a difference in the learning that took place;

Teacher training institutes should be physically located in close proximity to teachers' schools. This greatly increases the value of the training, as teachers and faculty can be in frequent contact, exchange visits, and share information among themselves;

Significant change does not occur in a one-shot, or even one-year, period. A long and on-going commitment (and funding) is needed.

I could say much more about ETS' positive experience with the IBM project, but I selected those specific findings that I believe have policy relevance for this Subcommittee in drafting a new Title V of the Higher Education Act. (An article from the ETS Examiner attached to my written testimony gives further information.) I think the major conclusion here is that effective training probably costs more than we

think. A critical mass of trainees, release time and compensation, continued follow-up, an appropriate learning environment, access to nearby training centers, and long-term commitments all add dollars to the program. H.R. 5240 authorizes $75 million for Parts C and D and although a good start, would certainly not stretch nationwide to serve all who want and need training.

Part E—Institutional assistance for teacher training and school improvement

Part E supports the essential teacher development infrastructure—our institutions of teacher education, where beginning teachers are shaped and experienced teachers refreshed. I enthusiastically support this part but find that the authorization of only $15 million is inordinately low, both in absolute terms as well as relative to the specified authorizations of the other parts.

Funds authorized under this part could be used for experiments to restructure teacher training. I suggest that one such experiment be a reorientation of pre-service teacher education putting a primary focus on an extended apprenticeship with high performance standards and very practical on-the-job instruction in how to organize a course, manage a classroom and involve students in their own learning. Supervising teachers should be selected for their mastery of teaching and paid significantly for this added service.

The rest of present teacher preparation—philosophy, methods, human development, psychology—should come as part of a master's degree program to be completed within five years of graduation and entry into the teaching profession. A beginning teacher is concerned with survival. Undergraduate teacher preparation should develop pedagogical skills basic to this survival. Having gained classroom experience, the teacher has a real-life context in which to more realistically consider methods of instruction, philosophical principles, and the effect of child development on learning.

This shift in what is taught before certification and soon thereafter should lead to a program of continuing professional education for teachers, supported by activities addressed by Parts C and D.

I am particularly supportive of Sec. 543 of Part E concerning School-College Partnerships. I also commend to you the university/school "pairings" in Boston, where 24 colleges and universities committed themselves to help that city's public schools in the midst of their stormy experience with desegregation. Eight years later, those institutions are still plugging away in a manner that is a credit to them and a great help to Boston's public schools. I am very glad to see this provision in Title V, which will encourage other communities to develop these beneficial relationships.

This concludes my comments on Title V of H.R. 5240. I thank you for inviting me today and will be happy to answer any questions.

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COMMISSION ON PRESIDENTIAL SCHOLARS

DEPARTMENT OF EDUCATION
400 MARYLAND AVENUE, S.W.
WASHINGTON, DC 20202

Beverly F. White
Chairman

THE 1984 UNITED STATES PRESIDENTIAL SCHOLARS PROGRAM FACT SHEET

The United States Presidential Scholars Program was established 20 years ago to recognize and honor our nation's most distinguished high school seniors. The Program was extended in 1979 to include recognition of students with exceptional talent in the visual, creative, and performing arts. One hundred forty-one students are chosen annually from among the most outstanding graduating seniors in the United States. Those students who become Presidential Scholars are chosen on the basis of their accomplishments in many areas—academic success, artistic talent, leadership, involvement in school and community. The Scholars are representative of the promise for greatness in young people. In honoring the Presidential Scholars, the President symbolically honors all American youth of high potential.

The Commission on Presidential Scholars is a group of eminent private citizens appointed by the President to select the Presidential Scholars. The Commission members serve at the pleasure of the President and receive no monetary compensation for their participation. The final selection of the Scholars each year rests solely upon the independent judgment of the Commission. The U.S. Department of Education provides administrative support to the Commission and assists in fulfilling the Commission's various responsibilities.

There are two paths to the honor of becoming a Presidential Scholar. The greater number of students are chosen on the basis of broad academic achievement. *Students may not apply individually to the academic component of the program, nor may their schools nominate them.* All high school seniors *are automatically* identified for the Program if they have scored well on either the College Board Scholastic Aptitude Test (SAT) or the Assessment of the American College Testing Program (ACT) *and* have authorized release of student descriptive information through participation in the College Board's Student Search Service or ACT's Educational Opportunity Service. Through a subsequent review in January of the student profiles and descriptive questionnaires, some 1,500 students are identified as potential candidates. To be considered further, students are asked in February to affirm their candidacy and submit materials such as essays, self-assessments, secondary school reports, and transcripts to support their candidacy. From the most outstanding candidates, the Commission on Presidential Scholars selects one young man and one young woman from each state, the District of Columbia, and Puerto Rico. Two students are chosen from families of U.S. citizens living abroad, and 15 students are chosen at large.

Twenty students are chosen for recognition on the basis of their outstanding scholarship and demonstrated ability and accomplishment in the visual or performing arts or in creative writing. To be considered for this part of the Program, a group of selected students who participate in the Arts Recognition and Talent Search (ARTS), a national program for the identification and recognition of young people who have demonstrated excellence in the arts, are identified for consideration by the Commission. Students are subsequently asked to affirm their candidacy and submit other supporting materials. From those identified as demonstrating the highest levels of achievement, the Commission selects 20 Scholars with exceptional accomplishment in dance, music, theater, writing, and the visual arts. As in the selection of the academically accomplished Scholars, final selection rests solely with the Commission.

Scholars are awarded the Presidential Scholar medallion, which commemorates their designation as Scholars by the President of the United States. There is no provision for a monetary award within the Executive Order establishing the Program.

In June, the Scholars are invited to Washington, DC, as guests of the Commission, where they are honored by their elected representatives and by others in public life. During the five-day National Recognition Week, Scholars meet with senators, congressional representatives, Supreme Court justices, educators, authors, musicians, scientists, and other accomplished persons. They visit the memorials and museums of the nation's capital. The Program culminates in the presentation of the medallions, and parents are invited to accompany their sons and daughters at a ceremony sponsored by the White House.

There have been over 2,000 Presidential Scholars, all of them distinguished young persons who have demonstrated leadership, scholarship, contribution to school and community, and accomplishment in the arts, sciences, and other fields. By personally recognizing these truly outstanding young men and women, the President honors their achievements.

In a larger sense, the true beneficiary of this Program is the United States. In recognizing these young men and women, the Commission on Presidential Scholars reaffirms the commitment of the United States to secure for all its people the maximum opportunity for education to enable them to lead lives of challenge, accomplishment, and fulfillment.

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Council for Basic Education

Independent Study in the Humanities:

a national fellowship program for high school teachers

Funded by the National Endowment for the Humanities

Background and Purpose

The program of Independent Study in the Humanities awards $3,000 fellowships for summer study to outstanding teachers of English, foreign languages, history, and other humanities disciplines in grades 9 through 12.

The program assumes, first, that the quality of students' learning depends largely on the quality of teaching in the classroom and, second, that even superior teachers need opportunities for concentrated study to revitalize their daily teaching.

Therefore, the principal purpose of this program is to encourage serious independent study in the humanities by individual teachers and, by improving teachers' knowledge of their subjects, to nourish the intellectual life of schools.

The program also seeks to emphasize the importance of the humanities as essential elements of a sound curriculum, recognize and reward outstanding teachers of the humanities, and help schools retain superior teachers.

Independent Study in the Humanities is sponsored by the Council for Basic Education under a grant from the National Endowment for the Humanities.

Council for Basic Education

Founded in 1956, the Council for Basic Education is a nonprofit, national organization for parents, teachers, administrators, policymakers, and others who share a concern for strengthening teaching and learning in the basic academic subjects in elementary and secondary schools. The Council for Basic Education believes that the first priority of schools should be children's academic learning and intellectual development. All children—regardless of race, economic status, and ethnicity—need and are able to master the basic subjects in order to prepare themselves for life-long learning, good citizenship, and economic well-being.

National Endowment for the Humanities

The National Endowment for the Humanities was established by Congress "to initiate and support . . . programs to strengthen . . . teaching . . . in the humanities." The Endowment does not support projects that are concerned primarily with education theory or technique, or with educational research, school management, child development, or the acquisition of basic skills; rather, the Endowment uses elementary and secondary education grants from the Division of Education Programs to improve teaching and curriculum in the humanities disciplines.

In the bill creating the Endowment, Congress said, "the term humanities includes, but is not limited to, the study of the following:

- language
- history
- archaeology
- linguistics
- jurisprudence
- comparative religion
- literature
- philosophy
- ethics
- the history, criticism, [and] theory . . . of the arts
- those aspects of the social sciences which have humanistic content and employ humanistic method
- and the study and application of the humanities to the human environment, with particular attention to the relevance of the humanities to the current conditions of national life."

The Fellowship Program

The fellowships offer the opportunity for selected teachers to engage in eight weeks of concentrated independent study and thereby to expand their knowledge in areas that are of special interest to them and that are closely related to their teaching. Ninety-eight fellowships were awarded for 1983. Approximately 100 fellowships will be awarded for the summer of 1984 to teachers who have a demonstrated potential for independent study and who present outstanding study plans.

"Independent study" means self-directed reading and research undertaken largely without the assistance of course work. It does not mean that applicants to the program should not seek the assistance of others in designing a program of reading or scholarship. However, fellows will be expected to pursue their work in conformity to their own intellectual purpose and spirit and principally on their own.

Each fellowship provides a $3,000 award. The fellow receives a stipend of $2,800, and the fellow's school library receives $200 for the purchase of books that will be of value to students and other teachers. Fellows must complete eight weeks of full-time independent study between June 1 and August 31, 1984, and must not engage in any other paid employment during the period of study. Submission of a study report is required by September 30, 1984. Fellows will be asked to respond to a follow-up survey to enable the Council for Basic Education to evaluate the program.

An important part of the program is the participation of former fellows in the initial process of reviewing applicants' study plans in the year following their term. Fellows must therefore be willing to volunteer up to 20 hours for this purpose during February and March 1985.

The fellowships are not intended to fulfill degree requirements; consequently, no arrangements have been made to award academic credits or units of professional credit.

Conditions of Eligibility

Teachers may apply if they:

- have completed at least five years of full-time paid teaching in grades 9-12 in U.S. schools (including U.S. schools abroad);
- hold a master's degree or the equivalent (as defined by their school for the purposes of certification and salary);
- carry a full teaching load (as defined by their school) with at least three-fifths of their schedule in English, foreign languages, history, or another humanities discipline during 1983-84 and 1984-85;
- are, or will be, under contract to teach full-time in a U.S. school (including those abroad) for the 1984-85 academic year;
- have at least five years of service remaining before retirement;
- have the capacity for independent study as demonstrated by previous accomplishments and as certified by the school principal; and
- have not previously been awarded a fellowship for Independent Study in the Humanities.

Questions of eligibility should be referred to Independent Study in the Humanities, Box 2915, Princeton, NJ 08541.

ERIC Full Text Provided by ERIC

Application Process

Teachers who meet the above conditions of eligibility and who desire consideration for a fellowship must submit the following official application materials in a single, complete package.

1. The **Application Form** requires biographical data including teaching experience, educational background, and professional activities and achievements.
2. The proposed study plan must be described using the form headed **Independent Study Plan.** Study must fall within the subjects of the humanities as defined by the National Endowment for the Humanities (see page 1) and must be related to the applicant's teaching field or anticipated teaching assignments. Evidence of this relationship must be offered.
3. **Two Independent Evaluations** are required. One must be completed by the applicant's current principal. The second evaluation may be completed by a colleague, a current or former supervisor, or a former student no longer in the school.

The Study Plan

The study plan is the most important part of the application and the selection process. Please read the following guidelines carefully.

The main purpose of the program of Independent Study in the Humanities is to give teachers an opportunity to increase their own knowledge of a particular topic in the humanities. This purpose presupposes that when a teacher learns, students and colleagues also benefit. Therefore, it is important to understand that, unlike other study opportunities that may be available for teachers, a fellowship for Independent Study in the Humanities is not intended to be used for studying pedagogy, classroom management, or educational technology, or for producing new curriculum materials. Although curriculum materials may subsequently be developed as a result of the study, the eight weeks of study should be devoted to a rigorous intellectual pursuit with an emphasis on ideas and knowledge.

The program is intended to support *independent* study; therefore, team projects cannot be considered. In the same vein, a fellow may elect to take a university course that is especially well suited to the study plan, but the program is not intended to support enrollment in courses as a substitute for independent study. Course enrollment must be fully justified in the application.

The plan should explain *what* you intend to study, *why* you intend to study your chosen area, and *how* you intend to study it. Plans should be as specific as possible, including, if appropriate, a list of readings to be pursued and evidence of a strong reading knowledge of any foreign language needed. Reviewers will be looking for evidence on which to judge the merits and feasibility of study plans.

Certain applicants may find travel to be necessary. The program of Independent Study in the Humanities presumes that any travel will be subordinate to study, not a substitute for study. Applicants must provide evidence of the feasibility of travel abroad in sometimes inaccessible areas (e.g., Eastern Europe, China).

Only one study plan may be submitted by each applicant. No time during the study period may be allotted to writing a final study report or to completing the follow-up survey.

Please read carefully the description on page 1 of the study areas allowed (and the activities not supported) by the law establishing the National Endowment for the Humanities. All questions of eligibility of subject areas should be referred to Independent Study in the Humanities, Box 2915, Princeton, NJ 08541.

Application Deadline

In order to be considered, complete applications must be submitted *bearing a postmark no later than December 19, 1983.*

Selection Process

The selection of fellows is a two-stage process. Since the study plan is the primary component of an applicant's file, the first stage of review is limited to an evaluation of study plans. Study plans will be judged on their merits and feasibility.

Applications with top-rated study plans will then be sent to a selection panel, which will again review and give heaviest consideration to the study plan. Consideration will then be given to supporting material indicating the candidate's demonstrated capacity for independent study and the candidate's performance as a classroom teacher. The selection panel will be looking for evidence of initiative, self-discipline, intellectual curiosity, and potential for independent completion of the planned project.

Important Dates to Know

October 3, 1983	Applications available
December 19, 1983	Deadline for submitting complete applications bearing postmark
April 30, 1984	Notices of results mailed to all candidates
June–August 1984	Independent study
September 1984	Fellowship study report and program evaluation due

Queries

For further information concerning the fellowships write to:

Independent Study in the Humanities
Box 2915
Princeton, NJ 08541

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Growth Initiatives for Teachers

GIFT

PROSPECTUS

A FELLOWSHIP PROGRAM FOR SECONDARY SCHOOL TEACHERS OF MATHEMATICS AND SCIENCE

1984

Sponsored by the GTE Foundation

GIFT is a pilot program conducted in Florida, Massachusetts, North Carolina, and the District of Columbia.

ERIC

Growth Initiatives for Teachers

GIFT

PROSPECTUS

Growth Initiatives for Teachers (GIFT) is a fellowship program that provides opportunities for professional development to secondary school mathematics and science teachers.

GIFT recognizes the important connections between precollege education, higher education, and the world of work. The program rewards outstanding teachers by providing them with an opportunity to update their subject knowledge and to translate their learning experiences into effective teaching. GIFT is seeking teachers who are dedicated to excellence and who will continue to enhance the lives of students and colleagues. Initiated successfully last year in North Carolina, GIFT will operate in Florida, Massachusetts, North Carolina, and the District of Columbia in 1984.

General Guidelines

GTE Corporation is a high-technology telecommunications and electronics company. It has operations in 43 states and Puerto Rico, and in 18 foreign countries.

The GTE Foundation, on behalf of GTE Corporation and its domestic subsidiaries, provides financial assistance to scientific, educational, and charitable instituions within the United States and its possessions.

The program is sponsored and funded by the GTE Foundation. Through encouragement and support, GTE hopes to nourish a higher standard of excellence in the teaching of mathematics and science.

GIFT offers outstanding high school mathematics and science teachers of grades 7 through 12 all of the following:

- A Personal Development Grant of up to $2,500 for study, field work, or in-service training;
- A School Enrichment Grant of $2,500 for use in the Fellow's school, which must be matched by an additional $2,500; and
- An opportunity to participate in a seminar with GTE scientists, managers, and human resource experts to address real world needs in mathematics and science education.

An important feature of GIFT is its consultative "team" approach. Each Fellow works with a colleague from the same school teaching in the other discipline. Applicants are required to apply as a team composed of one mathematics teacher and one science teacher. This collaboration is designed to foster shared learning experiences and an integrated relationship between mathematics and science in the school.

Up to 40 team awards (80 Fellows) will be made to individuals who are currently teaching mathematics or science in grades 7 through 12 and who have a potential for accomplishment. Since GIFT is an experimental effort, in 1984 applications and awards are available only to teachers in Florida, Massachusetts, North Carolina, and the District of Columbia. Teachers in both public and accredited nonprofit private schools are eligible.

The Program

Personal Development Grant

GIFT Fellows will receive a Personal Development Grant of $2,500 to cover tuition, fees, and books for coursework, fieldwork, or inservice training programs that will enrich their knowledge and contribute to more effective performance in the classroom. The educational experience is intended to update and expand teachers' knowledge in the relevant content areas. Applicants should select experiences that relate to mathematics and science; this may include the areas of computer science and instructional technology.

Each Fellow will design a plan of study with the agreement and support of local school officials. In addition, it is expected that team members will be aware of each others' plans.

The Fellow's program of personal development should take place between June 1984 and September 1985. This allows two summers and an academic year for educational activities. Submission of a brief report is required upon completion of the program.

Personal Development Grants will be paid directly to the home school of the Fellows, where an account should be maintained for their use.

School Enrichment Grant

The School Enrichment Grant provides the means for teachers to both translate their personal learning experience into meaningful classroom activities and to share new knowledge with colleagues and students. It is hoped, but not required, that the School Enrichment Grant will relate to the activities of the Personal Development plan. As part of the application process, teachers will prepare a School Enrichment Proposal, which will describe the needs they wish to address in their school.

The GTE School Enrichment Grant of $2,500 per Fellow must be matched from a source or combination of sources in the Fellows' school, school system, or community. Thus each Fellow will have a total Enrichment Grant budget of $5,000.

Each teacher can carry out their own school project (total budget $5,000) or team members may join forces to undertake a single project that benefits both mathematics and science (total budget $10,000). In either case, the project(s) should take place during the 1984-85 school year and have the approval and support of the school principal.

Only the School Enrichment Grant must be matched. Commitment of matching funds must accompany the team application. Guidelines for completing the School Enrichment Proposal are provided under the section entitled Application Process.

ERIC

GTE Seminar for Fellows

GIFT Fellows will have the opportunity to attend a seminar at a GTE laboratory facility to add real world application to personal development experience. Presentations will be given by human resource specialists, research scientists and selected outside speakers.

The seminar is scheduled to take place in the summer of 1984. All expenses, including transportation to the laboratory facility, will be paid by GTE.

Program Restrictions and Guidelines

The GIFT fellowship is designed to broaden horizons and offer new opportunities; creativity is encouraged. However, the following cautions and guidelines should be noted.

Personal Development Grant

- A portion of the grant may be used for books and fees. These items should be included in the proposal.
- If coursework is proposed, it must be taken at an accredited institution. Courses taken in connection with the GIFT Program may be applied toward an advanced degree (this does not include thesis or dissertation work).
- Courses do not have to be taken in the same subject area but course selection should be guided by a coherent plan.
- No more than half of the educational experience should relate to educational methods or educational psychology.

School Enrichment Grant

- Generally, no more than 50 percent of the total School Enrichment Grant (GTE and matching funds) may be spent on capital items; for example, equipment and instructional material.
- Proposals related to computers should reflect an awareness of the total and ongoing costs of training, software, facilities, and hardware.
- GTE funds may not be used to pay teachers' salaries or regular operating expenses; this includes the use of substitute teachers and release time. (However, matching funds may be used for substitutes when it is clearly related to implementation of the GIFT program.)

Conditions of Eligibility

Teachers may apply if they

- Have completed at least five years of full-time paid teaching in grades 7 through 12 in U.S. schools;
- Hold at least a bachelor's degree and appropriate state certification;
- Carry a full teaching load as defined by their school, with at least three-fifths of their schedule in mathematics and/or science during 1983-84, and anticipate such a schedule during 1984-85;
- Are, or will be, under contract to teach full-time in the same school for the 1984-85 academic year;
- Teach within the states of Florida, Massachusetts, North Carolina, or the District of Columbia;
- Have the capacity for advanced study and the ability to develop a positive action plan for themselves and their school as certified by the school principal, and
- Have received the support of the school, school system, or other source in the commitment of matching funds ($2,500).

ERIC

Application Process

Eligible teachers who wish to apply for a GIFT Fellowship must submit a joint application with a teacher from the same school. Each team must be composed of one science teacher and one mathematics teacher. The application package contains the necessary materials for preparing a joint application.

Application Materials

1. The Personal Development section requests biographical data, an anticipated timetable, estimated costs, and a statement of the expected benefits. Two forms are included, one for each teacher on the team. Applicants should review their personal development plans with the school principal before submission. Team members should also be aware of one another's plans.

2. The School Enrichment Proposal should describe the anticipated project. It can focus on students, fellow teachers, or both but should address educational needs in the classroom as opposed to administrative concerns. Projects must be related to the teaching field or anticipated teaching assignments of the applicant(s). Applicants are urged to be creative, broad-thinking, and cost-effective in designing their project. The proposal must describe the action plan, its purpose and rationale, timetable, estimated cost, and expected benefits. It must also address the strengths and qualifications that will enable the applicant to complete the project successfully.

   If each member of an application team is proposing a separate enrichment project, two proposals must be submitted. If a joint project is proposed, only one proposal is necessary.

   Certification that matching funds will be available by September 1, 1984 is required as part of the proposal submission.

3. The school principal must prepare an Independent Evaluation for each team member, attesting to support for the School Enrichment Project, each applicant's performance as classroom teacher, and the potential of each individual to complete the planned study. An evaluation form is included.

Application Deadline

In order to be considered, completed applications must be postmarked on or before February 29, 1984. **Applications from both team members must arrive in the same envelope.** Fellows will be selected about April 30, 1984.

Selection Process

GIFT team applications will be evaluated on the basis of:

- The team members' demonstrated capacity for accomplishing the planned Personal Development Program and School Enrichment Project, as shown by previous accomplishments,
- The team members' performance as classroom teachers, as certified by a school official,
- The likelihood that the fellowship will produce lasting benefits for the team members' teaching and their school; and
- The merits and feasibility of the School Enrichment Project.

Important Dates

December 20, 1983	Applications available
February 29, 1984	Postmark deadline for submitting applications
April 30, 1984	Notices of results mailed to all applicants
June 1984 - September 1985	Personal Development program underway
Summer 1984	GTE Seminar for Fellows
September 1984 - June 1985	School Enrichment Projects underway
September 30, 1985	Fellowship evaluation reports

Inquiries

For further information concerning the fellowships and the selection process, write to:

GTE GIFT PROGRAM
Box 2913
Princeton, NJ 08541

Examples from the North Carolina pilot include:

Personal Development Grants

- Attendance at Advanced Placement Summer Institutes in Calculus, Biology, etc.
- Traditional master's program coursework in science education.
- Fieldwork in the Galapagos Islands during the summer.

School Enrichment Grants

- Construction of a greenhouse and experimentation with plants and flowers later destined for planting in community parks and recreation areas.
- A program to open communication and develop curriculum bridging elementary and junior high school programs in math and science.
- Conversion of a donated tractor trailer into a math skills center.

Landmark IBM/ETS computer education program is set to go

The tremendous diversity among the more than 100,000 students in the 50 public and private schools in California, Florida and New York participating in the landmark $8 million IBM program will help create an exciting model that can be used by any high school to introduce the effective use of personal computers into the curriculum.

The dramatic human and educational potential of the program is reflected in the schools themselves. They are located in urban, suburban and rural areas and cut across all socio-economic levels. Among them are two schools for the deaf, three magnet schools (two focusing on business and the other on science and mathematics), a [illegible] arts school, a continuing school for juvenile delinquents and the all-Indian Miccosukee School, where education is not mandated by law, in Florida. There are also Catholic, Hebrew, Lutheran and independent schools as well as those serving predominantly minority students and students with learning disabilities. *A profile of network schools appears on the chart at right and a complete roster of network schools is shown on page 2.*

The teachers and the students in these schools will begin building a model to strengthen computer education in the rest of the nation's schools this September when they start using some 1,500 personal computers and software contributed to the schools by IBM as learning tools. They will use the computers to communicate with each other and with people at the teacher training institutes located in four networks in each of the three states.

An electronic mail network linking the 50 secondary schools, 12 teacher training institutes and ETS is now being established by the ETS Computer Education Programs Group under the direction of ETS program director Tony Cline and IBM representative Mike Roberts. The original design of the program was created by Cline and ETSer Marty Schneiderman.

Thanks to the untiring efforts and enthusiasm of a team of ETSers consisting of Cline, Schneiderman, Tom Barrows, Randy Bennett, Roger Kershaw and many others, each of the 12 networks will start working with seven to nine high schools this fall. By then, the microcomputers will be installed and ready to go—and from three to five teachers plus the building principal from each network school will have been trained at nearby teacher training institutes, where faculty members will be providing ongoing support to help students and teachers make effective use of the computers. The headquarters for the program will be at ETS, Rosedale, with ongoing support provided by the Computer Education Programs Group and with IBM systems engineers standing by to render assistance on technical matters.

The selection process

"Because we are creating a computer education model that can be used by high schools throughout the country, we

(continued on page 4)

IBM/ETS Secondary School Computer Education Program — *Profile of the network schools*	
Size of schools in terms of total student enrollment	
2,000 students or more	16%
1,000 to 2,000 students	48%
500 to 999 students	26%
1 to 499 students	11%
Location of participating schools	
Urban schools	32%
Suburban schools	47%
Rural schools	21%
Types of participating schools	
Public schools	79%
Religious schools	12%
Independent schools	9%
Schools with students coming from families below the poverty index*	
25% or more students from poverty families	10%
12 to 24.9% students from poverty families	40%
5 to 11.9% students from poverty families	27%
Less than 4.9% students from poverty families	17%

*Poverty data were available only for the public schools; percentages are therefore based on the 38 public schools participating in the program.

examiner

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Fall 1983 Convention Special

Each high school to use software to develop its own curriculum

"Each of the 50 network schools in the IBM Secondary School Education program will develop its own curriculum by adapting the generic software it has been given by IBM to achieve its instructional goals for the 1983-84 school year," said ETS program director Tony Cline.

Cline stressed the fact that no one in the IBM program will attempt to dictate the curriculum to be used in the network schools: "That's not the intent of the program nor is it a goal. The model we're creating is geared to the use of microcomputers as tools for education. Although IBM and ETS decided on the basic hardware configuration and software, we are not prescribing the specific kind of software the schools should use."

"The first year of the program will be a learning and sharing experience for everyone involved. ETS will work closely with each teacher training institute to provide the teachers with the support they will need to develop their own methods for instruction and their own curriculum models. Our major objective is to see that the microcomputers are used in a wide variety of academic and extracurricular settings by the students and the teachers in the network schools."

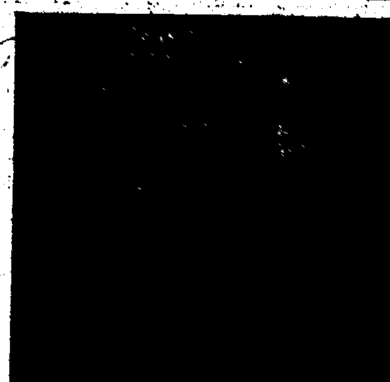
The software

The software is being distributed in a form similar to a Chinese menu. Column A contains the basic package of material that every school needs to participate in the program—word processing, data base management, graphics and learning games. Column B includes spreadsheets, authoring language and other IBM distributed software. Each school will get an IBM bank account that they can use during the school year to purchase some $6,000 worth of instructional software listed in Column B.

Marty Schneiderman, director of ETS Computer Education Programs, believes the program will encourage all secondary students in the participating schools to master a wide range of important computing competencies: "Applications will cut across all disciplines resulting in many exciting uses of computers by young people. This will be possible because word processing, data base management, electronic spreadsheet, communications and graphics software packages have been donated along with computer languages for each of the 1500 computers.

"All students will be able to use word processing for creative writing, reports and publishing school newspapers. It will even

(continued on page 2)



ETS COMPUTER EDUCATION TEAM—The pioneer IBM/ETS Secondary School Computer Education Program is being carried out by ETSers Roger Kershaw, Randy Bennett, Marty Schneiderman and Tony Cline. Tom Barrows, another key member of the team, was not available when the photo was taken.

AP Computer Science course, IBM effort complement each other

The IBM Secondary School Computer Education Program will complement the Advanced Placement Computer Science course that ETS is now developing with the College Board.

ETSer Tony Cline explains: "The Computer Science course will be offered in 1984 to academically talented high school students to earn college credit, but we anticipate only 10 or 20 percent of the students in the nation's 25,000 high schools will take the course. The IBM program is geared to getting the other 80 or 90 percent of the high school students to use the computer as a learning tool. The two programs could eventually provide almost every high school student in the country access to computer education.

"There's no doubt in my mind that the two programs will strengthen and complement each other—and the benefits of both will be derived by high school students in all parts of the nation."

See story on page 2.

In this issue

IBM/ETS Secondary School Computer Education* Program

Teacher training institutes and secondary school networks

State of California

Teacher training institutes	Network schools
Los Angeles Teacher Education Center, *Downey*	Banning High School, *Wilmington*
	Bell Gardens High School, *Los Angeles*
	Bishop Montgomery High School, *Torrance*
	Diamond Bar High School
	Downey High School
	Garfield High School, *Los Angeles*
	Manual Arts High School, *Los Angeles*
	Valley High School, *La Puente*
Pepperdine University, *Systems and Planning Division*, *Malibu*	The Brentwood School, *Los Angeles*
	The Downtown Business Magnet High School, *Los Angeles*
	El Camino Real Senior High School, *Woodland Hills*
	Los Angeles Lutheran High School, *Burbank*
	San Fernando Valley Christian High School, *Sepulveda*
	Santa Monica High School
	Venice Senior High School, *Los Angeles*
Santa Clara Teacher Education Computer Center, *San Jose*	Blackford High School, *San Jose*
	Half Moon Bay High School
	Los Altos High School
	Menlo Atherton High School, *Atherton*
	Monterey High School
	Santa Clara High School
	Soquel High School
San Jose State University, *Department of Instructional Technology*, *San Jose*	Bellarmine College Preparatory, *San Jose*
	California School for the Deaf, *Fremont*
	Gilroy High School
	Institute of Computer Technology, *Sunnyvale*
	William C. Overfelt High School, *San Jose*
	Pioneer High School, *San Jose*
	Santa Theresa High School, *San Jose*

State of New York

Teacher training institutes	Network schools
Queens College, *Office of Microcomputer Use*, *School of Education*, *Flushing*	Brooklyn Technical High School
	John Dewey High School, *Brooklyn*
	Lexington School for the Deaf, *Jackson Heights*
	The Manhattan Center for Science and Mathematics, *NYC*
	Martin Luther King Senior High School, *NYC*
	Newtown High School, *Elmhurst*
	Theodore Roosevelt High School, *Bronx*
	The Ramaz School, *NYC*
	Susan E. Wagner High School, *Staten Island*
Putnam/Northern Westchester B.O.C.E.S.*, *Yorktown Heights*	Brewster High School
	John Jay Senior High School, *Cross River*
	The Hackley School, *Tarrytown*
	John F. Kennedy High School, *Somers*
	Peekskill High School
	Yorktown High School
	White Plains High School
Vassar College, *Academic Program Development*, *Poughkeepsie*	Arlington Senior High School, *Poughkeepsie*
	Beacon High School
	John Jay High School, *Hopewell Junction*
	Kingston High School
	Our Lady of Lourdes High School, *Poughkeepsie*
	Poughkeepsie High School
	Roy C. Ketcham High School, *Wappingers Falls*
	Spackenkill High School, *Poughkeepsie*
Broome-Tioga B.O.C.E.S.*, *Binghamton*	Newark Valley Junior-Senior High School
	Oneonta High School
	Owego Free Academy
	Seton Catholic Central High, *Binghamton*
	Tioga High School
	Union Endicott High School, *Endicott*
	Vestal High School

*Board of Cooperative Educational Services

State of Florida

Teacher training institutes	Network schools
Polk County Schools, *Bartow*	Fort Meade Junior-Senior High School
	Kathleen Senior High School, *Lakeland*
	Lake Gibson Senior High School, *Lakeland*
	Mulberry Junior-Senior High School
	Winter Haven Senior High School
University of Southern Florida, *College of Education*, *Tampa*	Boca Ciega High School, *St. Petersburg*
	Chamberlain High School, *Tampa*
	Countryside Senior High School, *Clearwater*
	Hudson Senior High School
	Plant City High School
	Plant High School, *Tampa*
	Sarasota Senior High School
Florida Atlantic University, *Educational Research Lab*, *Boca Raton*	Atlantic High School, *Delray Beach*
	Boca Raton Academy
	Boca Raton High School
	Deerfield Beach High School
	Lake Worth High School
	Pope John Paul II High School, *Boca Raton*
	The Potomac School, *Boca Raton*
	J.P. Taravella High School, *Coral Springs*
Barry University, *Center for Computer Education*, *Miami Shores*	American Senior High School, *Hialeah*
	Archbishop Curley/Notre Dame High School, *Miami*
	Boyd H. Anderson High School, *Lauderdale Lakes*
	Coral Gables Senior High School
	Greater Miami Hebrew Academy
	Miami Edison Senior High School
	The Pine Crest School, *Fort Lauderdale*
	St. Thomas Aquinas High School, *Fort Lauderdale*
	Miccosukee Indian School, *Miami*

AP Computer Science exam to be given in 1984

The current boom in home computers is spawning a generation of students who are programming experts before they graduate from high school. Some are self taught and others are products of computer courses taught at high schools throughout the country.

The College Board's concern about the lack of a national standard for advanced computer science courses that could be taught in the high school prompted the creation of a task force three years ago to cope with the problem. As a result of that effort, ETS has recently developed for the College Board an advanced computer science course description for secondary schools and an Advanced Placement (AP) exam in Computer Science that will be administered for the first time in May of 1984.

Since a primary objective of the new course is to teach students how to write logically structured, well-documented computer programs, task force members chose Pascal as the programming language for the following major reasons—Pascal is the only high-level, structured computer language generally available on microcomputers, for which the AP program was designed, and the use of a structured language in the course makes it equivalent to a freshman-level college course.

Five out of six colleges responding to an ETS questionnaire have already indicated their willingness to grant advanced placement credit for the Computer Science course outlined in the AP Course Description. In response to another questionnaire directed to secondary schools, 246 out of 266 returns indicated an interest in offering the course at their schools. And 198 schools said the faculty member designated to teach the course would be available for several weeks of training in the summer of 1983.

Program director Carl Haag said the response to the new advanced computer science package has been overwhelming: "This is probably the most exciting thing that's happened in AP for a long time. Inquiries for additional information are coming from people in the schools, state administrators working in education, college and university representatives and even those working with the production of computer hardware and software."

ETS is now pretesting items from the new exam at colleges around the country. According to researcher Jim Braswell, "We have one of the largest subscription rates that I've ever been aware of in the Advanced Placement Program. The University of Texas alone has requested over 1,000 copies of the pretest. Usually we're happy with 300 or 400 requests from everybody on a given test."

Haag said that he believes the program will reinforce an advanced computer science standard that is already in the process of being set in colleges around the country: "Our hope is that we have come up with a program that more high schools will use to teach computer science because it will be honored by colleges and universities as an equivalent freshman experience."

ETS creates

Network support system

As part of its contract to oversee the IBM Secondary School Computer Education Program, ETS will provide logistical and educational support to participating teacher training institutions and secondary schools throughout the 1983-84 school year.

"Each of the 12 networks in the program has one teacher training institute and from seven to nine secondary schools," said Randy Bennett, director of the IBM Program Network Support. "The network is designed to be a sharing arrangement in which the teacher training staff provides important leadership and problem-solving skills and the staff of the member schools support one another by dealing with problems encountered by each school.

"In the same way that the teacher training institutions support the schools that make up its network ETS is responsible for supporting each of the 12 networks. The support services provided by ETS will include visits to each network site, an 800 toll-free telephone number to report problems and ask questions, an electronic mail hookup, a project newsletter and a series of midyear meetings. Visits have already been made to observe the training provided to teachers at each teacher training institution.

"We visited many of the training sites more than once so that we could get a more representative sample of what is occurring and a case study of the training that is taking place at one site has been commissioned. Each visit gives us the opportunity to respond personally to questions and address problems encountered by program participants."

In addition to visiting the teacher training institutions, ETSers will visit each of the 80 secondary schools in the program during the coming school year. Bennett said these visits will provide additional insights into the successes and problems experienced by everyone involved in the program.

"A second important network support component is the telecommunications link being organized for the exchange of messages among ETS and teacher training staffs," said Bennett. "The linkup may also be used by the teachers who want to communicate with each other and with teacher training staff members. It will also allow students to share program ideas and information as well as achievements with computer pen pals in schools in other project sites and states. The link is made possible by donations from the SOURCE and Tymnet, two telecommunications companies."

Bennett said the project newsletter will complement the telecommunications link. "While the newsletter will serve to publicize the project to a wide audience, it will also contain pictures and information of general interest to network schools and teacher training institution staff members.

"Midyear meetings of teacher training institution and ETS project staff members will be held so that information and experiences can be shared and the continued operation of the networks beyond June 1984 can be explored."

examiner

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IBM/ETS secondary school program

A new direction for computer education

"The personal computer that will be used in the 50 network schools in the IBM/ETS Secondary School Computer Education Program will establish a new direction for computer education not only because of its significant changes in hardware configuration but in the way the computer is being used in the classroom."

The statement was made by ETSer Roger Kershaw, who is serving as director of Systems for the IBM/ETS program. Kershaw bases his comment on the fact that the IBM personal computer is more powerful and faster than the hardware that has dominated the education market. He also said it can support additional devices that add to its value as an instructional tool.

"The design of the personal computer's keyboard is the best available," said Kershaw. "The unit is connected to the system with a six foot coiled cable for freedom in positioning. There are adjustable legs for angle on the desk surface, and both the calculator and typewriter style formats are included on the keypad. And the 10 special function keys can be combined with the Shift, Control and Alt keys to allow up to 40 separately definable command functions.

"But in everyday use, the most important keyboard feature for most people is the 'feel' of the machine—and there's no doubt in my mind that IBM outdid itself in the quality of the touch and sound response of the keys on the personal computer keyboard."

Kershaw said the Hi Resolution Color monitor included in the IBM donation to the schools is extremely versatile and technically impressive. "Along with the electronic color/graphics adapter that controls the monitor, this display offers up to 16 colors and excellent screen graphics resolution or clarity."

The adapter card that controls the video display operates in two modes. In the text mode, the monitor can show 256 different characters, 16 foreground colors and eight background colors. Characters can be displayed in either 80 columns by 25 lines or 40 columns by 25 lines. In the graphics mode, two resolutions are offered—medium and high. In high resolution, the monitor screen is divided into 640 by 200 individually controllable dots. In medium resolution, the screen is divided into 320 by 200 dots. This mode can be used for composing color drawings or graphic data representations, among other things.

It's faster and expandable

"The low, flat box that contains the disk drives is called the system unit, which involves several subcomponents with unique functions," explains Kershaw. "The two floppy disk drives each permit up to 160,000 characters of storage within up to 64 data sets or files. The unit has 128,000 bytes of user memory; each byte represents a character or numeral. The Read Only Memory has 40,000 bytes of capacity that is used by the operating system and the BASIC language interpreter, a program that translates BASIC into a form the personal computer's central processor can understand. The central processor offers faster operation than older computers, but its most significant advantages lie in the more powerful set of instructions it understands and in the far greater amount of memory it can deal with at any given time."

Kershaw also cited the personal computer's five expansion slots into which additional capabilities can be connected—such as more memory, a modulator/demodulator or modem that allows the personal computer to talk to other computers via telephone; a hard disk controller to help the personal computer store up to 10 million characters on a hard disk drive; an adapter for games and light pens; and a serial communications board to connect the personal computer to letter quality printers, graphic tablets, plotters, voice and music synthesizers and a wide variety of other devices.

"The personal computer is capable of accepting additional semiconductor chips, which can enormously increase its capability of handling numeric calculations more efficiently and precisely," said Kershaw. "It also has open space for additions to its Read Only Memory. This space may be used in the future to increase the capability of the BASIC language understood by the personal computer and to add new languages or operational functions to the machine's inherent capabilities."

The graphics printer that will be used with the personal computer is capable of a variety of print formats, speeds and functions. Its top speed is rated at 80 characters per second. It can produce italics, expanded, compressed, double strike and emphasized print. And it can, under the control of a program, set spacing, tabs, margins, printing blocks and dot graphics.

"As intriguing as the hardware is, the most important feature of any computer is the available software," said Kershaw. "In the two years since the personal computer has been around, virtually all of the new software that has been developed has been targeted for the IBM and most of the better existing packages have been converted to IBM and enhanced along the way.

"It's true that the IBM personal computer is considered to be beyond the financial reach of many school districts, but considering its added features, many educators are taking another look at the cost comparisons, especially in these days when preparing young people for a vocation means understanding computers as tools in a business environment."

New Focus

'Computer Literacy'

Computer Literacy, eleventh in the *Focus* series published by ETS, is attracting a lot of attention nationwide in both the educational community and the computer industry.

Al Benderson of Corporate Information Services, who is the series editor and the author of No. 11, reports that large quantities of the publication have been ordered for distribution at various computers-in-education symposiums and workshops in such diverse locations as New Brunswick, NJ; Pasadena, CA; and Phoenix, AZ.

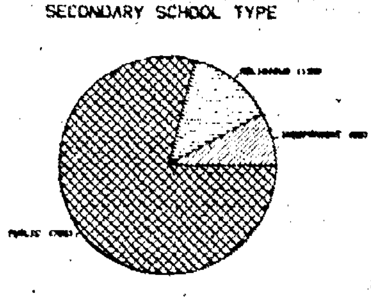
"People seem to like it because it deals with many of the questions and issues that arise when schools start using computers," Benderson says. "Not all of those questions can be answered definitively at this point, but at least *Focus* identifies the need for answers and summarizes the competing viewpoints."

Among the prime issues: What constitutes computer literacy? Should students in general learn to program computers or simply to use them as learning tools? How can curriculum specialists and teachers evaluate software? Is there any high quality educational software available?

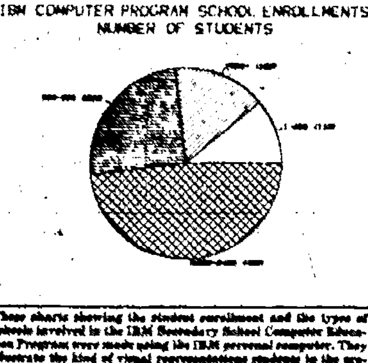
In preparing to write *Computer Literacy*, Benderson waded through mountains of printed materials, interviewed ETSers with relevant expertise, and discussed the issues with outside experts across the country by telephone. Developments in the field are occurring so swiftly that, by the time he finished his research, he literally had to start over—reading new material to fill gaps and keep up with changes.

Computer Literacy is being offered at $1.25 per copy. Orders should be sent to ETS, Publication Order Services, Department 1-105, Princeton, NJ 08541.

IBM COMPUTER EDUCATION PROGRAM
SECONDARY SCHOOL TYPE



IBM COMPUTER PROGRAM SCHOOL ENROLLMENTS
NUMBER OF STUDENTS



These charts showing the student enrollment and the types of schools involved in the IBM Secondary School Computer Education Program were made using the IBM personal computer. They illustrate the kind of visual representations students in the program will be able to create.

Computer education curriculum

(continued from page 1)

be possible for foreign language students to be able to use word processing packages that display and print in French, Spanish, German or Italian. Graphics programs can be used to create color pictures, artwork, posters, and lettering in a range of sizes and typefaces.

"All schools will have access to electronic mail and a variety of online services. Kids will be able to check the latest stories on the United Press International wire, current and historical stock prices, the daily schedule of the President of the United States and the schedule of hearings before federal House and Senate Committees. All of this will be possible by using one of two major telecommunications facilities—The SOURCE in Virginia and BITNET, which operates under the auspices of the City University of New York.

"In science courses, students will be able to collect and record data, and control experiments using the computer. There's one school in California that's planning to use the computer to record and analyze bird migration patterns. Other schools are planning to have the students use electronic spreadsheets to monitor student activity fund expenditures and to keep individual and group statistics for all athletic teams. Problem solving skills will be developed as young people learn to write complex algorithms using a computer language. The sophisticated capabilities of the IBM personal computer will allow students to compose musical compositions enhanced by color graphics. Students enrolled in social science courses will be able to create, search, sort, retrieve and analyze information using data base management software. They will also use their computers to represent this information graphically."

To illustrate how the personal computer can be used to help teach students how to analyze data and draw conclusions from that data, Schneiderman described an application that was developed during the summer training: "All the participants in the ETS teacher trainer institute were given data base management software, graphics software and a copy of an Almanac. They were assigned to use these resources to develop data bases and to create graphic representations of the data.

"One teacher developed a data base using information about countries in different parts of the world. Then he compared the data and represented it graphically to see if there were correlations between the number of physicians in a country and national birth and death rates. Others analyzed the number of teachers in a country with the overall literacy rate and discovered that some countries with relatively few teachers had very high levels of literacy, while in other countries, there were more teachers but a lower rate of literacy. The teacher trainers began using the information to ask the kinds of questions that stimulated thought and provocative discussion."

Knowledge for the future

"That type of exercise involved the kinds of skills and knowledge all students will need in the decades ahead—a time when technology will allow us to have access to vast amounts of information," Schneiderman said. "By the end of this decade, the high school students we're working with now will be able to hold a data storage device in their hand that contains the entire contents of the Library of Congress. The challenge for them will be to take a mass of information and search it in such a way that they'll be able to access the material they need quickly and easily.

"The concepts and skills which that kind of challenge requires will be addressed by many of the students and teachers in this program. Descriptions of what students in each discipline are doing with the computer will be collected by the teacher training institutes. The reports may be in narrative form as well as products that students have actually created by using the computer. They may involve graphics, data base applications or adaptations of learning games. The teacher training institutes will organize the material and forward it to ETS. We'll edit and group the materials on diskettes so that they can be shared with everybody in the program. Anyone seeking information on applications in a specific discipline can select the appropriate diskette to see what is being done in that area.

"As we encourage the teachers to develop the curriculum that fits the needs of their students, we're also providing the vehicle that will enable them to share what they've accomplished with teachers and students in other network schools. No one's an expert in this program. We're all learning from each other."

IBM/ETS Secondary School Computer Education Program

Diversity is key to building a model

(continued from page 1)
carefully worked out the mix of students and teachers who will participate in the program," said Cline. "But our efforts to create representative networks was not limited to the schools. It was also a primary consideration in the selection of the teacher training institutes.

"The process started last March when IBM designated the geographic location of the major IBM facilities that would be providing technical assistance in each network. We drew a circle around each plant that mapped out an area representing one hour of travel time and identified all possible teacher training institutes within that area. Then we began screening them to locate those that had both the experience and expertise in training secondary teachers to use microcomputers for instructional purposes—those were our basic criteria for selection. Then, within those criteria, we began looking for the diversity that we needed to make sure that we were working with typical kinds of teacher training facilities that operate in different parts of the country.

"What we came up with is a mix of seven public and private colleges and universities and five intermediary units, such as Boards of Cooperative Educational services (B.O.C.E.S.) in New York, the Teacher Education Computer Centers (T.E.C.C.) in California and the Polk County School District in Florida, which is working only with rural schools. These intermediary units offer teacher training and a broad range of services to schools, but they are not degree granting, higher education institutions."

The same procedure was used to select the schools, but Cline said that the final selection in each category was made after numerous conferences with state education officials, computer education people around the nation and local IBM representatives.

The lure of the computer

There'll be very little uniformity in what will happen in the IBM program, but Barrows believes "that's necessary if we're going to build a model. What will happen in each school may be as different as the kinds of schools we're working with. IBM is providing the hardware and the software and ETS is setting up the structure to support the program. But 90 percent of what really happens will take place in the schools where individual teachers or teachers working together will use their imagination and creativity to come up with new ways of using microcomputers as instructional tools in a variety of disciplines. Based upon what we've seen during the summer training experience, this has already started happening and should be the most exciting aspect of the program."

Although the schools are being encouraged to set up a computer lab with 15 machines in a central area, Barrows said that may not happen in some of the special schools: "For instance, the Miccosukee Indian School is very small. It's an independent community school because the tribe was never conquered by the United States and the children don't have to go to school. The total enrollment is 55 and less than half of the students are at the secondary level. What we're hoping is the computers will make school more attractive to the young people of the tribe and encourage them to enter or reenter the educational process. It may also improve attendance because some Miccosukee students go to school on a temporary basis.

"We'll also be looking at the kinds of patterns that are established by special education programs at Chamberlain and Countryside High Schools in Florida, where we'll be working with approximately 100 students who have learning disabilities. Many of the learning disabled students who are hindered by lack of motor skills, will use the computer for writing exercises. While some of them will have trouble using a keyboard, many will not. Some who have trouble writing will find typing a good deal easier. If they can type, then they can move paragraphs around. Once they get the written material into the computer, they can edit or instantly correct it without rewriting entirely. When that happens, it'll be marvelous because that will encourage learning."

Bennett strongly believes the IBM program "will open up a whole new area of communications for students who are deaf because they can use the computer to talk to hearing people. They usually interact primarily with people who use sign language or, if they've learned to speak, they can, with some difficulty, practice lip reading. But the students at the participating schools for the deaf in New York and California will have the ability to really [illegible] with hearing people—particularly students in other cities and states. That's something they have not had the chance to do before—and this may prove to be of extreme value to everyone who is involved in special education."

Barrows speculates, "It may well be that the model that will evolve is one that will teach students how to use computers and generic software packages to do the kinds of assignments that are very similar to the tasks they'll be required to do when they leave school to enter the work force. That would certainly be of tremendous value to potential employers of high school students."

And Cline said that some network schools are already deriving benefits from the program. "For instance, the three magnet schools are located in northern and southern California and in New York City. They're all relatively new schools, rather small and focusing on computers and new applications in business. They all draw inner-city students—yet they didn't know about one another until we got them involved in the program. Now they're exchanging information and we're hoping to make it possible for them to visit each other during the school year."

Network school commitments

When Schneiderman came to ETS several years ago, he traveled across the country investigating how schools were making effective use of technology: "What I found is that there were certain factors common to many of the successful computer education programs. In every case, there were enthusiastic teachers and supportive building principals. Many of the schools had established consortia or had developed a working relationship with a nearby organization, which provided a variety of teacher training and support services.

"We drew on that experience to establish key commitments which each network school in the IBM program has agreed to fulfill. It starts with the school district sending three to five teachers from different departments to the summer training program with the understanding that these teachers would be compensated in accordance with district policy for their participation. It was important to train a critical mass of teachers from each school because programs that rely on the expertise of an individual teacher are too fragile to survive. The same teachers will then develop and conduct inservice training programs for their colleagues during the school year. Building principals have attended a two-day training program and will make presentations at a midyear statewide conference, where they'll share information about the program's expectations and their plans for the future."

Each network school is also being asked to develop short- and long term computer education objectives and plans, establish a building-level computer education coordinator position, contribute material to the program's newsletter, assure the attendance of their teachers at regularly scheduled meetings and provide for the security and maintenance of the hardware.

"We're also asking each school to describe their programs to provide the kind of information educators from all parts of the country can use to adapt the model to the needs of their own students," said Schneiderman. "In that way, many people will be able to build on the success of the 60 schools. The teacher training institutes will be working with their network teachers to develop and share new curriculum, ideas and teaching strategies. We will then package the materials and make them available to the teachers in all 12 networks and subsequently throughout the nation."

Training the computer education trainers

In the past 25 years of teaching, I have asked more than a thousand students to evaluate training programs I have conducted. I was always dismayed when my students could offer no positive criticism that would help me grow. I now know how they felt. This program was so far above my expectations that I am at a loss to offer any insight that would change the basic formula for program delivery.

I can tell you that I have been changed by the experience. It has given me some new insights that I would never have come to by any other means. If I am able to internalize what I have learned here, I will be a better teacher and a better person.

That's how one of the 24 faculty members from the 12 teacher training institutes who attended the IBM computer education training program at Rosedale evaluated the intensive two-week experience that took place last May.

"The first session was almost like Christmas morning," said program director Tusty Cline. "Each participant was given several boxes tagged with his or her name. They opened the boxes, took out the personal computers and began putting them together. Some assembled the machines very quickly and immediately started using them. It took others a little longer, but during the next 48 hours, something almost magical happened. Everyone got incredibly involved in the training. It was truly a group happening even though the schedule was extremely tight.

"The teacher trainers started working with the hardware and software at 8:30 every morning but many of them were still using the machines to work on their own disciplines and interests in open labs as late as midnight or beyond. Yet they'd be back the next morning ready to start the next round. I've never seen so much enthusiasm and commitment to a program."

The credit for the training package goes to three ETSers—Marty Schneiderman, who designed it, and Sandy Bennett and Roger Kershaw, who helped Schneiderman plan and carry it out. Schneiderman said the success of the program was largely due to the educational experience and technical expertise of Bennett and Kershaw.

How ETS became grandparents

The training component of the IBM program began last spring when ETSers trained two people from each of the 12 teacher training institutes. The teacher trainers then returned to their institutions and spent four weeks this summer training three to five teachers and the building principal from each school in their network. During the school year, the cadre of trained teachers in each high school will work with their teacher training institutes to develop and conduct inservice training for other teachers in their school.

"When we started teacher training, I described ETS as having a parental role in the program," said Schneiderman. "If the program really works, then each network will eventually be operating independently on a self-sustaining basis, and the role ETS has will substantially diminish and disappear. During this initial year, we're providing each network with the material, organizational and people resources needed to get off the ground. But we anticipate each network will grow and then be off on its own. That's how we anticipated it would happen from the very beginning and that's how we designed the program."

At the end of the training program, Schneiderman received a book titled *How to Parent* from the teacher trainers, who said they would be prepared to assume the parental role when they started training the high school teachers. With that, Kershaw turned to Bennett and Schneiderman and said, "That makes ETS grandparents."

"We look forward to seeing a great deal of diversity and creativity as the networks emerge," said Schneiderman. "By June 1984, the high schools and the teacher training institutes will have established their own relationships and will be ready to assume the responsibility of maintaining the network on a regional basis."

Nothing less than excellent

Participants in the two-week training experience at Rosedale evaluated the program by saying it was excellent in content, organization, structure and execution. Here are some of their comments:

"It was great because it was primarily a hands-on experience. Each person worked at his or her own level. Despite the wide range of expertise in the program, you never lost the novice. That's what made the program fly."

"It went beyond staff development training. It was a tremendous personal experience. My knowledge of computer training now has a new dimension. I'm going to restructure one course that I was developing for teachers in my network to allow them to use the computer as an instructional tool."

"This experience has been more than just learning about the hardware and software. Its value comes from the interaction I've had with people from IBM, ETS and the other teacher training institutes and the ideas that were generated for integrating computers into the secondary curriculum. I intend to use these ideas during my discussions with teachers, principals and others. Together we can discover new applications for high school instruction."

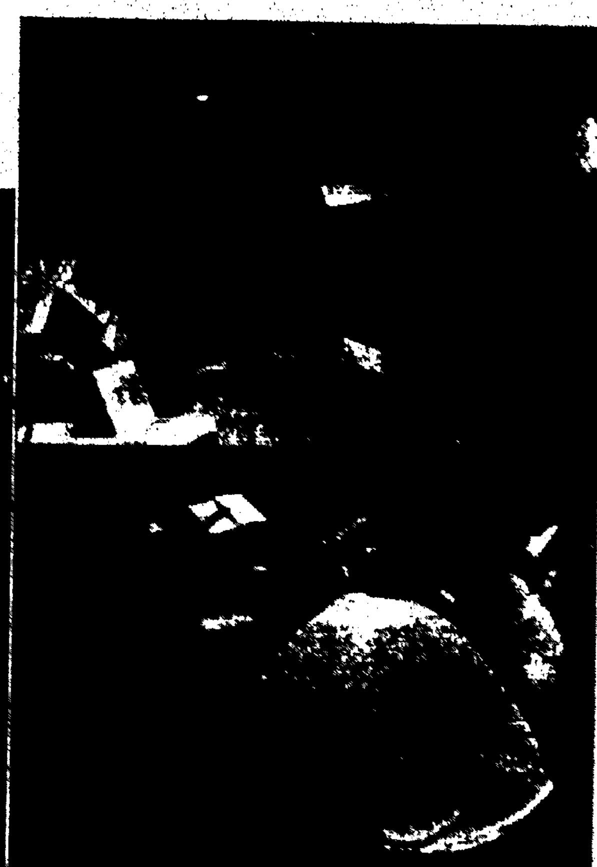
"The training was my approach to liftoff with the personal computer. I was looking for a broad exposure to the software and to become more comfortable with the machine and the systems. All of that happened."

"The pace was overpowering at times, but we were left with an urgent desire to get back to our institutions, unpack the machines and go to work. I no longer feel unsure of what I will do and how I should proceed. Mission accomplished!"

Schneiderman said the enthusiasm and spirit generated during the training was "the most rewarding experience I have had in my professional career." Other ETSers involved in the training agreed and added that it was a valuable learning experience for them.

Cline said, "When the program came to an end, we all agreed that a component had to be added that would assure minority and female students equal access to the computers in the schools. We don't know exactly why, but these students are less likely to enter a computer program for the same reasons they shy away from science and mathematics. About half of the trainees were female in teacher training, but they strongly believe that breakdown in a computer education program is highly unusual and will not hold up in the high schools. Only one trainee was a Hispanic minority.

"We're looking at the different kinds of strategies that have been developed to encourage female and minority participation in math and science education. When we have identified the most effective strategy that can be adapted to this program, we'll develop the training that will be needed to initiate the component at the network schools through the teacher training institutes."



Technology Lab creates valuable ETS resource

An exciting new Technology Laboratory has been created at ETS, Princeton, bringing into one central area the expertise of the ETS research staff as well as thousands of pieces of software and countless pieces of equipment.

Roger Kershaw, director of the Research Technology Group, describes the facility as a new, valuable organizational resource. "The Research Technology Group is providing support for a variety of new technology-based initiatives, including enhancements to SIGI and the development of a computerized adaptive test (CAT). In addition, the new facility provides us the opportunity to work with K-12 educators. By offering them a series of new training seminars, we are providing educators with the knowledge they need to better understand how computers can be used in schools. We are committed to helping schools make appropriate and effective use of computers, and we're not trying to sell them anything. What we do is provide educators with the tools and knowledge they need to make their own informed decisions."

The rule that Marty Schneiderman, director of Computer Education Programs, and his colleagues keep focusing on is: "Thinking about the computer's role in education doesn't mean thinking about computers; it means thinking about education."

"We assume that people who come to the center have little or no prior knowledge of computers," said Schneiderman. "We have, therefore, absolutely vowed not to intimidate participants by using jargon or 'in' words. If people don't understand something, we make them promise at the outset that they will stop us so that we can explain it more clearly. If people go away confused, we believe the fault is ours. We must constantly keep in mind that our students are educators—not technicians."

The ETS Technology Laboratory is a facility which houses a wide range of state-of-the-art computers and peripheral devices, including more than 24 microcomputers and over 2000 commercial and public domain software packages. In this operational environment, ETS staff and visiting educators use technology-based devices on a regular basis.

Since the laboratory has opened, more than 400 educators from 30 states and 15 foreign countries have visited this comprehensive collection of educational resources.

More than a testing organization

Schneiderman said a major plus for ETS is the fact that educators coming to Rosedale are discovering that ETS is more than just a standardized testing organization. He said they're fascinated to find out about the broad range of services provided by ETS.

He said the underlying philosophy of the seminar series is based on an effort to demonstrate the hardware and software in an operational environment rather than a showroom setting. "We've created an environment to make it easy for educators to talk and work with ETSers who use the kind of equipment they're interested in. For instance, when we deal with word processing, one of the group's support staff, who used word processing on a daily basis, does that phase of the training.

"Bill Nemceff does a lot of work using microcomputer graphics. He assists educators to create their own charts and graphs using the Apple II. Bill also demonstrates the use of microcomputers for data analysis, an application of particular interest to school administrators.

"Doug Forer is the instructor for the Introduction to Computers seminar, which emphasizes the fundamental concepts of computing. An opportunity for extensive hands-on experience is a main feature of this seminar.

"Randy Bennett is also a key person in a number of the seminars. As the IBM program director of Network Services, Randy is brought in as an instructor for the Decision-Makers program. Randy provides a clear understanding of current school problems because of his vast experience in working with school personnel."

Kershaw said the center is attracting the attention of many companies that market technology-based services as well as schools around the country who are using computers to establish instructional programs. "The center has created a tremendous facility for establishing valuable resources to serve both ETS and our clients as we continue to explore the opportunities in the field of educational technology. By sharing what we know with others, we're learning a great deal that we can build upon in the future."

The ETS Computer Education staff is supported by the Research Technology Group (RTG) in the training function. Key staff in the RTG include Barbara Benton, Doug Forer, Erik Holme, Ellie Kay, Hazel Klein, Beverly White, and Kirsten Yocum. The group provides engineering, programming, design, and consulting services to the educational community and within ETS.

Kershaw said, "Together the Research Technology Group and the Technology Lab establish a new and unique set of resources targeted to the state-of-the-art in disciplines related to computing, communications and education. The response to the services we are offering has been somewhat overwhelming, yet very gratifying, considering that we have been in existence for only a short time. That's a testimony to the vision and devotion of the many people who have contributed to the group."

Seminar series announced

"Computers in Education"

Our experiences with the Big Trak were fantastic. The students, working in groups of four, were responsible for programming a square, a rectangle, a rhombus, a parallelogram, a circle. What a wonderful opportunity to acquaint them with the various properties of these plane figures.

Your suggestion for programming initials is excellent. It certainly brings out the creativity and intelligence of individuals - great idea. Our principal is so impressed with the results, he has invited the students to put on a demonstration of the Big Trak's potential for a friend who is a principal in Paterson.

This letter from a junior high school administrator in Wayne, New Jersey, is one of many testimonials that Marty Schneiderman, director of Computer Education Programs at Rosedale, is receiving from school people who participated in one of the new "Computers in Education" seminars.

Schneiderman described the seminar series by saying: "With the advent of the low cost microcomputer, educators need unbiased, technically accurate, up-to-date information concerning the appropriate uses of this new tool. As a leader in the use of technology, ETS is in a unique position to offer a series of seminars for elementary and secondary educators that focus on the appropriate applications of computers to instruction and administration. These seminars provide educators with the knowledge and skills needed to become critical consumers of computer-based systems, to use computers effectively, and to make informed decisions about selecting hardware and software."

The seminars that will be offered to educators this year include:

- Introduction to Computers, which is designed to acquaint educators who are novices with regard to computers with the fundamentals of computing. *October 18, February 14*
- Implementing Microcomputer Programs: A Seminar for Decision Makers, which will provide participants with the practical knowledge and skills necessary to implement instructional and computer literacy programs at a building or district level. *November 17, 18*
- Designing and Implementing Computer Literacy Programs, which will involve curriculum coordinators and teachers who will focus on the practical aspects of introducing computer literacy programs at the elementary and secondary level. *October 20, December 6, March 15*
- Selecting and Evaluating Instructional Courseware, which is designed for educators interested in learning how to select and evaluate microcomputer instructional courseware. *November 15, April 19*

More testimonials

Schneiderman said the positive response to the seminars has been gratifying. Superintendent of Schools Joseph Rollisaile of Falls Village, Connecticut, wrote, "It was well worth the trip, the time and the money." He is the former school superintendent of Yonkers, New York, and Albuquerque, New Mexico, where he supervised computer departments with large equipment. He came to the ETS session because he's now involved in setting up a microcomputer program for his schools' business operation.

Another participant from the Department of Public Instruction in Raleigh, North Carolina, said, "Marty Schneiderman and Randy Bennett's presentations were easily understood for those of us who are not 'computer literate.' I especially appreciate the straight-forward manner they presented as educators to educators."

And a consultant for the State Department of Education in Georgia wrote, "As a neophyte, I appreciated the approach taken by the instructors in presenting the material. It was a good 'beginner's' workshop."

Corrine Cohen is providing logistical support for the seminars. For further information about the programs, contact Cohen at 609-734-1103, or write to ETS, Box 2886, Princeton, NJ 08541.

ETSers develop questions for computer literacy poll

ETS and the Human Resources Organization (HumRRO) are developing a pool of some 280 questions that will be used by the National Center for Educational Statistics (NCES) to survey computer literacy in elementary and secondary schools throughout the country.

ETSer Marlaine Lockheed, who serves as the principal investigator of the project, said, "Although the project is rather small, the results could have significant impact on the future of computer literacy in our schools. The set of questions we develop will be used by NCES to assess different levels of computer literacy among school administrators, teachers, and students.

"The very nature of the project has some sensitive aspects because of the rapidly changing technology—and the effect it is having on our society and our educational process. Three years ago, people in all walks of life were making decisions on the kinds of hardware and software needed for instructional use—but they were basing these decisions on material provided by the media and vendors anxious to sell their products. Today, computer equipment is popping up in almost every school district in the country, and the federal government feels there is a great need to define and measure computer literacy to make certain it will support progress and change in our schools.

"Although public officials do not want to create a restrictive environment, they know that governing school bodies at all levels must have a way of assessing the future technological needs of our schools. That's what this project is all about. I believe the survey instruments we are helping NCES create will affect future educational decisions involving staff development, learning materials development, the acquisition of hardware and software for school use, and education policy at the federal, state and local levels."

The project is funded by the United States Department of Education's Office for Educational Research and Improvement, and is being monitored for NCES and NIE.

A positive collaboration

Lockheed and several other ETSers have been working with the HUMRRO people and a Computer Literacy Review Panel of national experts; the panel has been charged with the responsibility of defining computer literacy, evaluating survey questions, and recommending analysis procedures.

Kalle Gerritz of SHEP Test Development will coordinate the development of the test questions for NCES. Although the project is still in the preliminary planning stages, Gerritz is excited about the uniqueness of the task. "What we will be doing to help NCES build the survey instruments does not conform to the usual test development process. We will be creating the pool of items and we'll help in the pretesting, but we won't actually be involved in the selection of final questions to be used for each target audience. Because NCES will be making those decisions, our items have to be written with an eye toward maximum flexibility."

In addition to Gerritz, Lockheed will rely heavily on the expertise of ETSer Susan Wood for technical assistance and ETS researchers Frieda Hardy and Isaac Bejar.

"HumRRO has the real expertise in testing and measurement," said Lockheed. "The national panel members are excellent resource people who we will use as we proceed with the project; they're familiar with the many different components of computer literacy. It will be a very interesting and positive collaboration."

Gerritz, a reading specialist, is also pleased with the opportunity of exploring new ground in the field of computer technology: "Educators are typically in agreement about what constitutes good grammar and usage in English, but we really don't know what the limits are in the field of computers. To my mind, that puts us in a very exciting leadership position."

"This instrument can teach, it can illuminate; yes, and it can even inspire. But it can do so only to the extent that humans are determined to use it to those ends. Otherwise it is merely lights and wires in a box."

Edward R. Murrow

Children learn how to read by learning how to write

John Henry Martin, former teacher, school administrator, and university adjunct professor, is also an avid student of how children learn and what causes so many of them to fail.

When he "retired" from his former occupations, he founded the John Henry Martin Company and set out to concentrate on the latter interest.

He long believed that one "very, very old approach"—teaching reading by writing—was the key, and that the method of the past half century—to read, then write—was "the curse of teaching."

"Kids used to start with a slate and piece of chalk, and reading and writing were never taught separately," at least not until the recent decades. Suddenly, the process of reading had become purely visual, he explains, adding he had discovered "that human hands were entry points into a child's brain. Children begin intuitively to write."

With his convictions, Martin and his wife started working with school-children in Florida. The results of their work with 900 children over six years were gratifying.

Funded by IBM

But Martin felt more could be done, and modern technology provided the means. He designed a computer-based teaching system for his Writing to Read approach, and entered into a multimillion dollar venture that is funded by IBM.

This academic year, 10,000 kindergarten and first grade students in 100 schools have been working with Martin's Writing to Read system. IBM is providing the materials, which include: 300 personal computers and 800 typewriters, 900 tape recorders, 2,410 sets of earphones, 10,000 diskettes, 12,800 audio cassettes, 104,410 student work journals, and 9,000 children's books. The personal computers, on loan to participating schools, are equipped with voice output and color graphics.

The program, based on 30 key words and the 42 phonemes which compose them, works like this:

The children, in teams of two, work at Writing to Read for an hour each day. Each team spends a maximum of 15 minutes daily at the computer. The students then work on a corresponding lesson in their work journals for writing exercises, and then they simultaneously read a classic children's story while listening over earphones to a recorded reading so they can see and hear the standard spellings of words. Each day students also work at typewriters to write the words they have learned, combine them in sentences, and compose stories.

Three key words

There are 10 computer cycles, each consisting of three key words. After initial work with the key words, there is a mastery test. From here, the student is introduced to other words that can be formed with the sounds used in the three words. For instance, in the first lesson the words are "cat," "dog," and "fish." These mastered, the student moves on to "fat," "dish," and "hog."

Martin says that consistent use of phonemic spelling systems allows children to write, using their rich vocabulary at a much earlier stage than if they were required to absorb the inconsistencies of the English language.

He also believes that when children are put through the painstaking effort of writing "inch high letters" with a pencil, they tend to forget the word the letters express. By using typewriters, the letters are perfect and can be put together into words faster, Martin says, and in no time, children are writing stories.

Is the Writing to Read system educationally sound? That is the question ETS will address.

ETS researcher Richard Murphy says the educational impact of the system will be assessed in the summative evaluation to be conducted next year.

This year Murphy and colleague Lola Elisa Appel will complete a formative evaluation that focuses on implementation of the program.

A preliminary report was released last February, based on observations by Murphy, Appel, and ETS researcher Garlie Forehand, as well as questionnaires completed by participating teachers and principals. The ETS researchers reported:

- 80 percent of all teachers like the program somewhat or very much;
- 16 percent of the teachers don't like it at all;
- 57 percent of kindergarten teachers and 63 percent of first-grade teachers believe that student learning is enhanced;
- Eighty percent of the principals like it, with 64 percent saying they like it "very much."

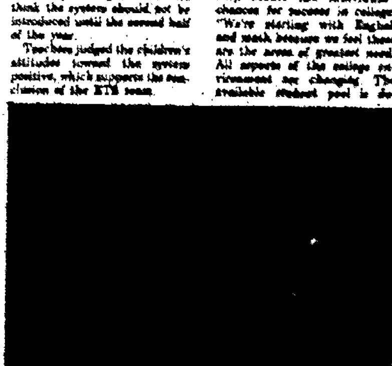
The ETS team observed 84 Writing to Read classes in 20 schools in the District of Columbia and five states—Florida, North Carolina, Minnesota, Texas, and New York.

"The critical element of the Writing to Read system is that it lets children build on their rich oral communication skills. This provides a process through which they can write quickly, and not be inhibited," Murphy says.

Concerned with transition

He reports that while most teachers like the system, many expressed concern about the transition from phonemic to standard spelling. He also notes that many kindergarten teachers think the system should not be introduced until the second half of the year.

Teachers judged the children's attitudes toward the system positive, which supports the conclusion of the ETS team.



ETS researchers Lola Elisa Appel and Richard Murphy

Pretesting underway

ETS, College Board develop a computerized adaptive test

A team of ETSers and College Board staff members is working together to develop a computerized test of entry level skills in college English and mathematics—the first major test to use the method of computerized adaptive testing.

College Board executive director of College-Level and State Services Arthur Doyle and ETS senior research psychologist Bill Ward enthusiastically describe computerized adaptive testing as "a new and potentially important testing process made possible by a combination of computer technology and advances in test theory.

"In an adaptive test, each person receives a different set of questions, selected to be optimal for his or her own level of ability. The test starts with questions at a middle level of difficulty. A new estimate of the individual's ability is made after each question is answered, and successive questions are chosen so as to be most appropriate in light of the current estimate. Therefore, no one wastes time in answering questions that are too easy or too difficult for them.

"Adaptive testing provides effective measurement over a wide range of ability. Item response theory—the result of pioneering work by ETS's Fred Lord and others—provides the basis for selecting the questions and scoring the test. Use of a computer to administer the test allows a rapid determination to be made of which questions should be given; it also permits the immediate scoring and reporting of test results."

First adaptive test

The test that is now being developed by the College Board/ETS team will consist of four independent modules—reading, sentence skills, arithmetic and algebra. The modules cover skills which postsecondary institutions consider when deciding if the student is prepared to start freshman courses in English and mathematics or if the individual requires some remedial assistance to attain the level of development needed to start the college course sequence.

Doyle and Ward said the first computerized adaptive test will be used by institutions to place entering students in appropriate instructional programs that will help assure the individual's chances for success in college: "We're starting with English and math because we feel these are the areas of greatest need. All aspects of the college environment are changing. The available student pool is decreasing, and many entering students just aren't as well prepared for college as faculty and administrators wish them to be. It is in the best interests of the school and the student for a college to start an individual's postsecondary experience by placing the student in the right path that will enable him or her to succeed at college."

Doyle and Ward indicated that the colleges also need a test that will help them determine if the skills of older or nontraditional students who are entering or reentering college are at the appropriate level for college work.

They said the test has the potential to accelerate the registration process at a college because of its immediate feedback capability. "A student can complete the entire registration process within a few hours. After completing the former, an individual can be tested, placed and ready to report to class the following day."

A total team effort

Doyle and Ward describe the development project as more than a cooperative effort by the College Board and ETS: "This effort was jointly funded and it is being developed and managed by dedicated staff members in both organizations. This is not the kind of project that someone can sign on for and then walk away. It requires a great deal of commitment from everyone who is involved—and we've been fantastically lucky in recruiting the kind of talent and dedication which a project like this requires.

"This is just the beginning of a whole series of products and services that the College Board and ETS can develop together to serve the needs of everyone who is involved in higher education. What we're actually doing is building a test delivery capability which can be used to serve students of all ages in all subject areas. And the key to the progress we have made since we started last fall is the good people at the College Board and ETS who have helped make it happen."

A TOTAL COLLEGE BOARD/ETS TEAM EFFORT—The first major computerized adaptive test is now being developed by ETS and the College Board under the direction of Arthur Doyle, College Board executive director of College-Level and State Services, left, and Bill Ward, ETS senior research psychologist. The test will be used by postsecondary institutions to place entering students in appropriate instructional programs that will help assure the individual's chances for success in college.

The development effort is led by a joint management team headed by Ward that includes Doyle and Patsy Hendel of the College Board and ETSers Irv Brody, Ernie Kimmel and Gerry Bogatz. The joint marketing team is led by Doyle, and includes Hendel, Brody and ETSer Eileen Peters.

Among the other ETSers involved in the project are Len Swanson directing the systems development; Martha Stocking leading the psychometric work; and Roberta Camp heading the test development effort. Phyllis Murphy is managing the arrangements for pretesting that will involve some 36,000 student hours at more than 230 high schools across the country.

It's modern magic

This experience has given Ward a new perspective on what's involved in building a standardized test: "For instance, while I've worked on the development of tests, it's always been in research projects with a very different scale and degree of formality. The prospect of our having to produce over 800 new items in a matter of weeks was mind-boggling enough. But I had never realized just how much more was involved than writing items—the number of steps needed in reviewing and editing the items, in assembling them into pretests, in keeping track of where every item came from and where it was going.

"But what I've really learned is that an effort like this couldn't happen unless it was a total team effort. Everyone involved has been caught up in the exciting prospects which adaptive testing holds for the future. It will give us efficient measurement, measurement across a wide range of ability, and flexibility in providing just the right test or set of tests for an individual. We'll be able to do many things that just weren't feasible in the past.

"What we really have here is modern statistical magic that is made possible by the tools of technology. Now we'll just have to see where it can take us."

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W.K. Kellogg Foundation grant

Computerized guidance system for adults to be developed by ETS

ETS has received a $630,204 grant from the W. K. Kellogg Foundation to develop an adult computer-based guidance system as part of the second phase of Project LEARN (Lifelong Education, Assessment and Referral Network).

Millions of adult Americans are seeking information, resources and support services to help them make decisions that involve career transitions and occupational advancements. This Kellogg-supported project will use technology to help adults with such decision-making.

"This new system will apply the use of microcomputer technology to the critical career planning and counseling needs of adults who are entering, reentering or are already in the labor force," said ETS president Gregory Anrig. "It extends the focus of education to the special needs of people who are involved in making voluntary or involuntary career transitions at any time during their adult life.

"I am particularly grateful that the Kellogg Foundation is making it possible for ETS to continue its pioneering effort to create computer-based adult career counselling services. These services can be used by individuals as well as by business, labor and industry to serve the needs of workers. This grant is a tribute to the significant contribution Marty Katz and his ETS colleagues have been making in the career guidance field."

The new system will be called SIGI-Adult. It will be an adult version of SIGI (System of Interactive Guidance and Information), which is now helping thousands of college-age students make career decisions during their transition from secondary to postsecondary education. SIGI-Adult will be an entirely new system that will incorporate the features of SIGI that are most useful to adult users, not merely an adaptation of the college-level SIGI.

The program is part of the Project LEARN collaborative effort by ETS, the Council for the Advancement of Experiential Learning (CAEL), and several other projects involving the training of guidance counselors and the dissemination of materials. The total effort focuses on the development, deployment and effective use of career guidance resources for adults. The first phase was completed in December 1981; both phases involve funding through multiple grants from the Kellogg Foundation.

The need

Vice president Ernie Anastasio said this ongoing participation in Project LEARN permits the ETS Guidance Research Group to continue to break new ground in the development of computer-based guidance and assessment systems. "It is appropriate that we are using technology to address the needs of adults whose lives have been affected by technological changes that are creating new job markets while making many old jobs obsolete. The new system will be geared to the needs of adult workers who find themselves threatened with career changes or who need additional education or training to upgrade their present positions."

Anastasio believes the current need for adult career guidance and support services is so widespread that SIGI-Adult would be offered in many different places throughout the country—libraries, vocational and career education centers, labor union retraining agencies, adult and continuing education centers, employment and guidance counseling offices and other areas where people would gather to seek career planning assistance. He said, "The potential for this new system in our changing society is unlimited."

The system

As with SIGI, the users of SIGI for adults will work at a computer to obtain individualized information to help them make new career choices. They will consider options based on their values in terms of their career goals and such personal factors as geographic location, family ties and community services available to help adults. The computer-based system then will offer career options and describe the educational or training requirements users will need to achieve their goals.

Tony Clare, director of Research, Measurement Research and Services, said the new design will be developed in four stages: collecting and analyzing data from adult users of SIGI, using the findings to develop design specifications, transforming the design into a working system and field testing and refining the system.

"Most of the research and planning for SIGI-Adult had been completed during the initial phase of the project," said Clare. "That included the development of a Universal Planning System by Laurence Shatkin, working under the direction of Warren Chapman. The system enables SIGI users—whether students or not—to understand the educational requirements for each occupation in terms of concepts, skills and sequences. It helps users understand where they are and what directions they can take to achieve a given career goal.

"Also, SIGI was reprogrammed to run on a microcomputer—and that has significantly reduced the cost of the hardware. The result has been the number of SIGI users has more than doubled during the past year. By successfully accomplishing these objectives, we were able to conceptualize the new system, which will be developed under the terms of the Kellogg Foundation grant."

The project will be carried out by the Guidance Research and Development Group under the overall direction of Lila Norris. Other ETSers assigned to the project are Marty Katz, Laurence Shatkin and Warren Chapman.

A national network

The ETS grant is one of 18 the Kellogg Foundation has awarded to create the first national coordinated network of adult continuing education services.

"Adult continuing education is becoming a major education enterprise, especially valuable now, as many within the nation's workforce must change occupations if they are to adjust to a shifting employment environment," said Arlon Elser, a Kellogg Foundation program director.

The overall effort will be directed by the Council for the Advancement of Experiential Learning (CAEL). Since the late 1970s, CAEL has spearheaded the development of methods to evaluate and award academic credit for experiential learning.

Other participants in the national effort are Michigan State University, Brevard Community College in Florida, the Compact for Lifelong Educational Opportunities in cooperation with Widener University in Pennsylvania, Ohio University, University of Connecticut, San Francisco State University, Kansas City Regional Council for Higher Education, Memphis State University, Loretto Heights College in Colorado, University of Maryland, Northwest Regional Educational Laboratory in Oregon, Thomas A. Edison State College in New Jersey and Virginia State University.

Computerized guidance system is attracting new audiences

SIGI—the System of Interactive Guidance and Information created under the direction of ETS senior research psychologist Martin Katz—has done a lot of growing in the past year.

The computerized career guidance and information system, first made available by ETS in 1974, is now in use at more than 200 institutions around the country—up from [illegible] last year.

Ray Potter, SIGI's manager, says that one SIGI component has been greatly expanded—a description of courses, skills, and concepts that need to be mastered for specific careers.

And SIGI is now available on microcomputer, which brings down costs and makes it available to a wider audience.

The new audience includes high schools and libraries; in some cases, even student council organizations have invested in SIGI.

Use by high schools tripled in the past year—up from five to 15. Most of these high schools have high percentages of college-bound students. And the New York State library system is using SIGI at three of its job information centers, which are geared to adults.

SIGI is primarily found at colleges and universities, with four-year institutions the single largest group of users. Two-year colleges follow closely behind.

In the newly expanded section, the student gets information on suggested routes of entry in terms of college programs, majors, and courses. There are course descriptions for each of 575 programs of study, compiled after two years of research at ETS.

"At a glance, the student can look at all kinds of majors as well as graduate and professional programs. This component provides a real bridge between career choice and academic planning," Potter says.

He credits the move to microcomputer as the big push behind SIGI's growth. Previously, a mainframe computer was needed, requiring a large initial expense of telephone line rental. Currently, SIGI runs only on the TRS-80 Model II microcomputer from Radio Shack, although other adaptations are planned for the future.

The microcomputer simply needs to be plugged in, and also handles programs other than SIGI, such as word processing and electronic filing.

As a career guidance system, SIGI uses value clarification and emphasizes decision making. "It is particularly good for the undecided," Potter says. "SIGI opens up the occupational universe, offering a wide range of jobs based on the user's own values."

The counselor is a critical link in making the most of SIGI. A student receives a printout of the session with SIGI, to be used in talking with the counselor. The latter may hear the student say things that weren't said to SIGI.

"But students need to know that neither the counselor nor SIGI has all the answers. The student must make the decisions," Potter explains. "While ETS recommends using SIGI in a counseling context, it can be used on its own. It is self-paced and self-contained."

SIGI, which is updated annually to provide the latest career information, is proving its popularity with students. Ninety percent of those who have used it would recommend it to a friend, and waiting lists at colleges and universities are typical, often up to three weeks.

SIGI includes a Universal Planning System that was developed by ETSer Laurence Shatkin, working under the direction of Warren Chapman. The system enables SIGI users to understand the educational requirements for each occupation in terms of concepts, skills and sequences. It helps users understand where they are and what direction they can take to achieve a given career goal.

For further information contact Ray Potter, ETS, Princeton, NJ 08541.

THE SYSTEM OF INTERACTIVE GUIDANCE AND INFORMATION (SIGI)—Virginia Leonee, above right, a reentering student, signs in at San Francisco State University's Career Center for a session with SIGI, the system developed by ETS. At right, Leonee ponders how to satisfy her desires to be independent and to work with people. On the basis of her values, SIGI helps Leonee explore a number of possible careers, with occupational [illegible] the list.

Mr. GUNDERSON. You are all involved for the most part in dealing with the testing or other issues that lead to the makeup of our student bodies. As you look into the crystal ball, what do you see as the type of student we will have in our colleges and universities 5 and 10 years down the road? How is that student body going to be made up?

Mr. ANRIG. Since one of my youngsters is about to go to college, I would say it is going to be an outstanding class. I can speak to one piece of this and let my colleagues speak to others. In terms of the youngsters now, if you talk to most high school principals you will find that the youngsters now in high school are a very serious group of youngsters, concerned about economic conditions, concerned about their place in the life ahead. I think the National Commission on Excellence was right on one point and that is, for the first time we are facing a situation where young people may not be able to aspire to better than their parents have had, and that is a real issue that even young people are aware of at this point. So they are more serious.

Second, their performance is improving.

And third, there is the desire to go on to college in increasing percentages. The problem, however, and I note this and certainly second what Commissioner Keppel said, if you begin to look at the progress that we have made in the sixties and seventies in terms of opportunity for higher education, what is happening right now is a very disturbing dropoff in the opportunities for minority youngsters, black youngsters, since 1980, Hispanic youngsters since 1976, to go on to higher education, so what I fear for the future is that we will have a very good and able group of college youngsters, but we will have lost a good part of the progress that this committee and the Congress has worked so hard to achieve over the last two decades in terms of opportunity for higher education.

Mr. GUNDERSON. Any other comments as to how you analyze the makeup?

Mr. KEPPEL. Mr. Chairman, I agree with what Mr. Anrig said. One trend line which would seem to me of extreme major importance in the postsecondary education would be the trendline of the increase of "older students," that is nonordinary high school graduate age, which is a major change, I guess in the last 15 years. I am sorry, I do not have the figures, but I think it is fairly recent, but increasing. That may say something fairly fundamental about the changing needs of the society.

There is a figure that I do not have with me, a notable increase in the number of people who take the so-called GED's and get a diploma from high school after the usual high school age. It is a substantial increase in the last 15 years. I do not have the data about what the age spread is. I do not know how many of them go into the military, but there is a notable increase there, and it suggests a source which may now be going into postsecondary along with other nontraditional students that I hope the committee will keep strongly in mind.

Mr. MARTIN. Let me mention that there is a report that was done for the National Student Aid Commission. I think that was a paper done by Bud Hodkinson talking about the demographic terrain of what we will be looking at in terms of people making up

postsecondary education in the future. He came up with startling evidence. Clearly the students that will be in that pool in the future will be older. Certainly we find that if you look currently in terms of births and so on, we are going to find that more of them will be minorities, black and brown, than what we have seen before. There will also be change in the fact that many of those students will come from families with one parent because of the high divorce rate. He points out that we will have many children in school because of the fact that many children, even if there are two parents in a family, because of the requirements of them working, a lot of the children are latchkey children because they have to spend time at home. He talked about the impact of divorce upon those families and the effects it has on the behavior of those students.

He does not paint a particularly bright picture, and I hope that as this committee continues to look at educational policy, it is very essential, it seems to me, that some of the ways that we have traditionally looked at the pool of 18- to 22-year-olds in the past is not going to be there. We are going to have to look at the nontraditional student and see how that interfaces with older adults and our ways of assessing needs for those students, but it suggests that it is going to take a lot more money to address some of these problems than we have had in the past.

Mr. GUNDERSON. I would like to follow up. Dr. Keppel indicated earlier that probably the greatest need was for some stability in programming. I am not clear, personally as to how we can provide stability and still each year, recognizing the economic changes in the Budget fluidity of that year, respond in that fashion. It seems to me if you want stability you err on the side of being conservative. If you want to err on the side of providing the maximum amount for funding, then you are running the risk of not being stable. I am not sure how we can resolve that difference. If you have suggestions I would be interested.

Mr. KEPPEL. Your point is well taken. One way of achieving some kind of stability for the people who need it most, which are the students and their parents, is to know what is going to happen to them with some regularity. If there is going to be a change, the decision takes place at *x* time or *x* plus 1 year, which I think is what really happens, stability can come I think to a degree of certainty, which has not—is not the impression they have had largely I think, in fairness, from the press, that everything is going to be withdrawn and then it is going to go back again. That kind of stability is what I mean. You have a case that if for economic reasons the country has to withdraw very substantial sums, I frankly hope if it should happen that it will be over time so that stability is the predictive quality for those individuals' working out of their lives. That is one aspect of stability, sir.

Mr. GUNDERSON. The testimony yesterday at this hearing suggested, I think it was yesterday, in the area of graduate work, that we frankly had to target some of that money to minorities if we were to provide the access for them in the area of opportunities for graduate work. Do I detect from your statements that you feel there is also a need for targeting minorities in the general title IV program?

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Mr. MARTIN. Let me say I think that what we are all interested in targeting is the dollars to those students, whether they are minorities or majorities, that have the greatest amount of financial need, that the barriers are the greatest. The fact remains that because of our economic structure and because of past history, unfortunately a majority of the people that are in that particular pool that are low-income happen to be minorities, but not all of them are. The concern is to make certain that it is based upon financial need and the system is fair and equitable, and I think that as a result of that we will ensure that we reach the individuals that need the assistance the most to provide educational opportunity.

Mr. ANRIG. The issue of stability comes in here too and it is not a stability of funding. It is the stability of the ground rules and they do not change or get more complex so that youngsters already having wrestled with a very complex system, and admissions officers and financial officers and guidance counselors trying to explain a complex system find that it is getting more complex. That aspect of stability is just as important. Mr. Hanford made the point about getting the information to youngsters at the earlier stages. To the extent that the system gets more complex, it becomes very difficult to get that across to a junior high student or his or her parents. So stability is the ground rules under which the system operates as well.

Mr. GUNDERSON. Would you support the service payback provisions included in the Carl Perkins scholarship?

Mr. ANRIG. I certainly support the Carl Perkins scholarships. I think it is a wonderful program and a wonderful honor. Second, the idea of having a service in return for the scholarship is a very sound idea, and there are good precedents for it. I believe that the provision that you have in here is a little heavy, 2 years of service for 1 year of scholarship. A young person at an early stage of their life is in effect mortgaging themselves on an assumption of what their career is going to be in a fast-changing world, so I think the 2 for 1 is a little heavy. I think 1 for 1 would be advisable. But the idea of some commitment I applaud.

Mr. GUNDERSON. Have there been any conclusions in your study of title V that you feel would be pertinent to nontraditional students in other areas, other than teachers?

Mr. ANRIG. The fellowship program by its very definition is for talented teachers, so that is targeted. The youngster in high school who would qualify for the Perkins scholarship might go on to a nontraditional program to carry that out, but beyond that I do not see an area there that fits into what I understand is your concern.

Mr. GUNDERSON. Dr. Keppel.

Mr. KEPPEL. Mr. Chairman, my sins follow me and I have been the dean of a school of education at Harvard. One of the programs that is going on now might come close to what you are asking, namely a program which aims at bringing people who have had a career, in this case using math and science from industry, usually, or sometimes the military and then prepare them for secondary school teaching of mathematics and science. I do not know whether you will call that a nontraditional student or not, pulling somebody from one line of their life. I think the average age is 50—55—they are often retired—whether if that is possible it might be worth

thinking about. Clearly in mathematics and science, the secondary schools are going to need teachers more than are now to be found in the pipeline of all institutions in the United States today at the undergraduate and graduate level. I am not sure what you mean by nontraditional, but that is a possible source and if that could be included I would be all for it.

Mr. GUNDERSON. We know if we ever come up with money for nontraditional we will have a great fight figuring out who it is. With regard to the National Advisory Council, I am wondering if what you are suggesting is not a bit duplicative of even such organizations as your own?

Mr. KEPPEL. I do not think ours would have to exist. It could probably serve in a minor way. That is not the end of the world. Some of the functions we serve I think could be done by this, but it would also be—it would have a somewhat less—I can use the word "stable"—it would have a somewhat more stable existence than the one I am with, which has to rattle a tin cup every year, a task with which I am getting a little bored.

Mr. GUNDERSON. Counsel has a question.

Mr. BLAKEY. On the question of the advisory commission, Dr. Keppel, your testimony indicates that you are concerned about the joint reporting responsibility. If you have some specific suggestions, since there is only one reference in H.R. 5240 to a joint reporting responsibility where the committee is required to submit an annual report, please make them. There may be other specifics where that joint executive-legislative branch notion could be furthered.

Mr. KEPPEL. I actually have served on a somewhat comparable Commission on Libraries and Information Science which is put together in the same way and if I may get myself back into that topic and see whether I can make suggestions, I am very grateful that you put that in. It is the ability of this notion that the States, the institutions, and private donors are very much a part, and of course the services, those that do the work are very much a part of a complex national, not Federal, program, and the point would be to get that expressed in some way.

It works for the Congress. Obviously the Founding Fathers of this country didn't have in mind anything like that, so we have got to invent something. That is about what we are suggesting.

Mr. GUNDERSON. Thank you all very much.

At this time, we will call the last panel for the day. First, Miss Mary Haldane; Roger Campbell, rather than Dr. Marshall; Mr. Hal Payne, and Mr. Edwin Herr.

I understand that Chairman Simon is trying to get here as soon as he can from a statement he is making on the floor and I am going to have to excuse myself for an executive session in another committee, so we are going to at this point ask unanimous consent that the staff be allowed to receive the testimony until Mr. Simon or someone else is here.

With that, we will turn it over to you again.

STATEMENT OF MARY HALDANE, DIRECTOR OF FINANCIAL AID, DRAKE UNIVERSITY, AND PRESIDENT OF THE NATIONAL ASSOCIATION OF STUDENT FINANCIAL AID ADMINISTRATORS, ACCOMPANIED BY DALLAS MARTIN, EXECUTIVE DIRECTOR, NATIONAL ASSOCIATION OF STUDENT FINANCIAL AID ADMINISTRATORS

Ms. HALDANE. I appreciate the opportunity to appear before you today to express the views of the National Association of Student Financial Aid Administrators regarding the provisions proposed in H.R. 5240, the Higher Education Amendments of 1984.

I am Dr. Mary Haldane, president of the National Association of Student Financial Aid Administrators for 1983-84 and director of Financial Aid at Drake University, located in Des Moines, IA. I am accompanied today by Dr. Dallas Martin, executive director of the National Association of Student Financial Aid Administrators.

In preparing for these reauthorization hearings, NASFAA has attempted to assess the strengths and weaknesses of the existing programs, their current operations and the impact that they have had upon students and institutions. From that examination, we can conclusively state that the existing title IV student aid programs have made a major contribution in assisting deserving and needy citizens throughout this Nation in fulfilling their postsecondary educational goals, and in accomplishing the legislative objectives and goals that you, Members of Congress, have previously set forth. That is not to say, however, that there are not some specific problems with the existing operations that should be addressed.

The first of these problems is the need to reestablish a more appropriate balance of loan, grant, and work assistance for eligible students enrolled in all sectors of postsecondary education. NASFAA is very concerned, as I knew the members of this subcommittee are, about the erosion that has occurred in the student aid grant programs during the past 4 years which in turn is forcing many lower- and moderate-income families to finance far more of their children's educational expenses with student loans.

As such, more and more students are leaving school with unreasonably high levels of loan indebtedness, which in turn will prevent them for many years from having the level of discretionary income that will enable them to purchase homes, automobiles, and other major consumer durable goods. Therefore, we are particularly pleased that H.R. 5240 gives serious attention to restoring the needed funding balance between the Federal grant, loan and work programs, and that there is a renewed emphasis upon expanding student information systems and the TRIO programs.

The second problem that continually kept coming up during our examination was the uncertainty and constantly changing requirements that impact upon the student aid delivery and operational systems. Some of these changes occur from year to year because of administrative or regulatory decisions that are imposed upon the system by the Department of Education. While the current statutes clearly define the time lines and procedures that are to be followed in establishing the family contribution schedules, more often than not there are still delays in obtaining final agreements.

Therefore, while H.R. 5240 proposes to establish a master calendar and to legislatively define the elements of the family contribution schedules in law, we feel that far more attention must be given to limiting the Department's regulatory and operational authority in many other areas if we expect to have a predictable and realistic student aid operational system.

The third fundamental problem that needs to be addressed is the assurance that adequate funding is available for the student aid programs. Since the enactment of the Middle Income Student Assistance Act in 1978, and the Education Amendments of 1980, we have experienced in real dollar terms a decline in available Federal student aid dollars to students. To make matters worse, the existing title IV program dollars have also had to replace the funding that was previously provided under the Social Security Administration's Student Educational Benefit Program; the Department of Health and Human Services Manpower programs for nursing and health profession students; and many of the other categorical student assistance programs that used to be available for graduate and professional students. As such, the title IV student aid program dollars simply do not go as far or serve students as well as they did a few short years ago.

Having now identified what we believe to be the three major problems facing the student aid programs, allow me to make some specific comments about H.R. 5240.

NASFAA is pleased that the bill would make the Pell grant program a true entitlement program, with a defined legislative structure that insures year-to-year stability and predictability for the program. The concept of making the program a true entitlement and having it predictable from year to year, so that students, parents, and institutions can plan with certainty, is an important change that will benefit everyone.

We also note that this bill proposes to simplify the awards process by reducing the number of programs and shifting more of the decisionmaking process to the campus. NASFAA has always believed that the financial aid administrator is in the best position to understand the particular needs of an individual student and to coordinate and adjust the student's aid package accordingly.

However, we are concerned that the proposed allocation process would shift major amounts of dollars among institutions, and that by folding the SSIG program into the block grant, a number of States who, faced with their own budgetary constraints, will in all likelihood no longer expand those State dollars for need-based grants. Therefore, several million dollars will be lost that up to now have been serving needy students.

NASFAA commends the chairman for several of the changes that have been proposed for the Guaranteed Student Loan Program.

NASFAA, however, is concerned that this bill requires all GSL applicants to undergo a financial needs test in accordance with the provisions outlined in section 482. If a needs test is to be imposed upon all students who apply for a GSL, then that test should be less restrictive than the test used to determine eligibility for grant assistance.

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We should also point out that if you have all students undergo a financial needs test, then there is no reason to automatically exclude from eligibility a student whose family adjusted gross income is in excess of $65,000 who may have real need at many institutions.

Thank you for providing me the opportunity to appear before you today. I will be happy at this time to answer any questions that you or the subcommittee members may have.

Mr. BLAKEY. Thank you.

[Prepared statement of Mary Haldane follows:]

PREPARED STATEMENT OF DR. MARY HALDANE, PRESIDENT, NATIONAL ASSOCIATION OF STUDENT FINANCIAL AID ADMINISTRATORS AND DIRECTOR OF FINANCIAL AID, DRAKE UNIVERSITY

Mr. Chairman, members of the Subcommittee, I appreciate the opportunity to appear before you today to express the views of the National Association of Student Financial Aid Administrators regarding the provisions proposed in HR 5240, the Higher Education Amendments of 1984.

I am Dr. Mary Haldane, President of the National Association of Student Financial Aid Administrators (NASFAA), for 1983-84 and Director of Financial Aid at Drake University, located in Des Moines, Iowa. I am accompanied today by Dr. Dallas Martin, Executive Director of the Naional Association of Student Financial Aid Administrators.

NASFAA respresents over 3000 institutions across the United States and serves all types of institutions; public, private, vocational/technical, proprietary, and graduate/professional. As such, the members of our National Council and committees continually evaluate legislative and regulatory proposals in a manner that attempts to insure that their impact will be in the best interest of students enrolled in all sectors of postsecondary education and that their implementation can be incorporated efficiently into the normal operational structures of the various types of schools.

In preparing for these reauthorization hearings, NASFAA has attempted to assess the strengths and weaknesses of the existing programs, their current operations, and the impact that they have had upon students and institutions. From that examination we can conclusively state that the existing Title IV student aid programs have made a major contribution in assisting deserving and needy citizens throughout this nation in fulfilling their postsecondary educational goals, and in accomplishing the legislative objectives and goals that you, the members of Congress, have previously set forth. That is not to say, however, that there are not some specific problems with the existing operations that should be addressed.

Generally, however, our examination has revealed three fundamental problems, that if corrected would greatly improve the current system.

I. REESTABLISH AN APPROPRIATE BALANCE AMONG THE VARIOUS AID PROGRAMS

The first of these problems is the need to reestablish a more appropriate balance of loan, grant, and work assistance for eligible students enrolled in all sectors of postsecondary education. NASFAA is very concerned, as I know the members of this Subcommittee are, about the erosion that has occurred in the student aid grant programs during the past four years which in turn is forcing many lower and moderate income families to finance far more of their children's educational expenses with student loans. As such, more and more students are leaving school with unreasonably high levels of loan indebtedness, which in turn will prevent them for many years from having the level of discretionary income that will enable them to purchase homes, automobiles, and other major consumer durable goods.

Further, many high need students who are faced with financing nearly all of their postsecondary education with student loans are electing to change their educational plans by pursuing an alternate career path which they believe will yield them a higher future income. They may also select an alternative institution that is lower priced, or may simply decide not to pursue a higher education. Regrettably, if allowed to continue, our nation will suffer and many qualified people who could have become well-trained, productive citizens will be forced to forego a postsecondary education because of their limited financial resources. Therefore, we are particularly pleased that HR 5240 gives serious attention to restoring the needed funding balance between the federal grant, loan, and work programs, and that there is a

renewed emphasis upon expanding student information systems and the TRIO programs.

In reestablishing this balance, however, we also hope that serious attention will be given to insuring that there equity among students who enroll in different types of institutions. America has a strong educational system primarily because it affords individuals the opportunity to select from among a wide varity of educational service providers. This diversity of choice has proven to be effective in enabling people from all segments of our society to chose the kind of educational program that will best suit these individual needs. However, if we do not maintain a fair and balanced set or adequately funded student aid programs that enable citizens to select the institutions of their choice, then we will be denying equal educational opportunity to thousands of our most qualified citizens.

II. ESTABLISHMENT OF A REALISTIC DELIVERY AND OPERATIONAL SYSTEM THAT IS PREDICTABLE FROM YEAR TO YEAR

The second problem that continually kept coming up during our examination was the uncertainty and constantly changing requirements that impact upon the student aid delivery and operational systems. Some of these changes occur from year to year because of modifications to legislation. However, most of the problems occur because of administrative or regulatory decisions that are imposed upon the system by the Department of Education. While the current statutes clearly define the timelines and procedures that are to be followed in establishing the family contribution schedules, more often than not there are still delays in obtaining final agreements. While we can credit the people within the Education Department for submitting the necessary schedules on time for the past two years, they also have proposed alternatives for which they do not have legislative authority. As such, it has been necessary to await Congressional action to reaffirm what is already within the law. This process has proven to be time consuming and frustrating for everyone involved. It also has resulted in misinformation that in turn leaks out to students and parents leaving them with wrong impressions and uncertainty over what to expect. However, delays with the family contribution schedules are only a small part of the total problem. The more onerous aspects have been regulations and requirements defining the procedures to be followed by institutions in monitoring their standards of satisfactory academic progress; in documenting what constitutes a "regular student" and "ability to benefit from postsecondary education;" and in performing validation. Also, many schools are currently experiencing unreasonable delays in having their Pell Grant Authorization levels increased, thereby forcing schools to delay payments to eligible students for two months or longer. The Department also decided late this fall to implement a totally new Pell Grant disbursement and payment system beginning on July 1st for the 1984-85 school year. This new system will require schools to significantly change their current operating procedures and to assume additional workload responsibilities. While we have long recognized that changes need to be made to the Pell Grant disbursement system and can endorse the goals that are trying to be achieved, NASFAA also advised the Department that they should first field test the new model and then phase it in over a two-year cycle. Regrettably that advice was ignored and as such we are now being forced to embark upon what is being touted in the Department as "a new interim Pell Grant disbursement system to which future enhancements will be made." To make matters even worse, many of the institutional system specifications are still being decided upon, even though students and schools are currently being mailed a new three-part Student Aid Report from the Department's processor which in turn is the primary document that is used to manage the whole Pell Grant system.

Needless to say, it is a little hard for schools to be enthusiastic about implementing a new disbursement system for which answers and solutions to many operational aspects are still undefined and which they know is only an "interim system" to be refined and changed again in the future. The point is that as we have examined the current array of student aid programs, the problems with the current legislative statutes or structure per se, but rather with the unreasonable and insensitive manner in which which they are being administered by the Department of Education. For example, when the legislative language that is adopted into law indicates that to be eligible to receive Title IV funds a student ". . . must be maintaining satisfactory progress in the course of study the student is pursuing according to the standards and practices of the institution in which the student is in attendance," we logically assume that this means schools have the right set their own standards and procedures. Unfortunately, the Department's reading is different and they in turn impose their own requirements and interpretations upon schools under the guise of

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"institutional self-regulation." While their intentions may be honorable, the effects are often counter to what is trying to be achieved. Therefore, while HR 5240 proposes to establish a master calendar and to legislatively define the elements of the family contribution schedules in law, with a stated goal of improving the student aid delivery system, we feel that far more attention must be given to limiting the Department's regulatory and operational authority in many other areas if we expect to have a predictable and realistic student aid operational system.

III. PROVIDE ADEQUATE FUNDING FOR STUDENT AID

The third fundamental problem that needs to be addressed is the assurance that adequate funding is available for the student aid programs. Since the enactment of the Middle Income Student Assistance Act in 1978, and the Education Amendments of 1980, we have experienced in real dollar terms a decline in available federal student aid dollars to students. To make matters worse, the existing Title IV program dollars have also had to replace the funding that was previously provided under the Social Security Administration's Student Educational Benefits Program; the Department of Health and Human Services manpower programs for nursing and health profession students; and many of the other categorical student assistance programs that used to be available for graduate and professional students. As such, the title IV student aid program dollars simply do not go as far or serve students as well as they did a few short years ago. The President's budget states that we must return to the traditional role of having the student's family pay for more of the costs of education. We would simply note that the existing need-based student assistance programs have always expectation which continues today, but the fact of the matter is that many of the students we serve do not have families, or only have one parent to rely upon. Further, many of the other support systems that previously helped low income families have also been reduced or eliminated, thus making it harder for them to provide financial assistance. The truth of the matter is that families and students are contributing substantially more of their own resources. They also are taking out more and more loans to meet educational expenses, a pattern which if allowed to continue may prove to be a very unwise economic policy for this country.

Having now identified what we believe to be the three major problems facing the student aid programs, allow me to make some specific comments about HR 5240.

NASFAA is pleased that the bill would make the Pell Grant Program a true entitlement program, with a defined legislative structure that insures year to year stability and predictability for the program. While we are mindful that such a change may well be criticized as being far more expensive than the current structure, we would simply point out to the Subcommittee that obviously the cost of such an entitlement can be controlled based upon the maximum grant level established and the eligibility criteria adopted. However, the concept of making the program a true entitlement and having it predictable from year to year, so that students, parents, and institutions can plan with certainty, is an important change that will benefit everyone. During the past eleven years, since the program's inception, the Pell Grant Family Contribution Schedule has been modified more times than anyone can remember. While in the final analysis the extreme changes that were often proposed did not come to pass, as we have previously noted the publicity regarding the program's uncertainty only tended to confuse students and parents and created unnecessary delays and costly administrative inconveniences for institutions and processors, not to mention the imposition of time and effort required by the members of Congress to resolve the matter. Therefore, we would strongly urge the Subcommittee members to give serious consideration to the entitlement structure. We also would be happy to provide any additional technical assistance to assist in the construction of the actual elements and offsets to be included in the Pell Grant Family Contribution Analysis, if you elect to define it in statute. While the proposed description seems to be sufficient, it would probably be helpful to have the Department and representatives from the financial aid community to actually model the formula to insure that it produces the desired results that the Subcommittee believes are appropriate.

We also note that HR 5240 proposes to simplify the awards process by reducing the number of programs and shifting more of the decision-making process to the campus. NASFAA has always believed that the financial aid administrator is in the best position to understand the particular needs of an individual student and to coordinate and adjust the student's aid package accordingly. Therefore, the idea of creating an institutional block grant program, which provides each eligible institution with an annual allocation of funds that can be used to provide additional employment or loans or grants to individual students, based upon their particular

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needs, is a concept worthy of consideration. In fact, the current campus-based programs which consist of the National Direct Student Loan, the Supplemental Educational Opportunity Grant, and the College Work-Study Program are currently used by most schools to address these same goals.

Unfortunately however, there are many institutions that have through the years elected not to participate in one or more of the campus-based programs. Likewise, there are those who only entered the programs recently and have found that static funding levels and existing state allotment formulas have hampered their efforts to secure the amount of monies in certain programs that would give them needed flexibility.

The idea establishing a new institutional block program that distributes monies more equitably and which would provide schools with more discretion in how the funds could be used is appealing to many of our members. However, I should also indicate that many of our members have a number of concerns about collapsing the National Direct Student Loan, the Supplemental Educational Opportunity Grant, and State Student Incentive Grant programs into one single block grant program. Part of their concern is predicated upon what has occurred with other grant initiatives in the past that have not always proven to be very successful and which have often become targets for funding reductions. Another part of the concern is that each of the three existing programs that would be folded into the new block grant currently serve unique purpose and groups of students that might not be served under the new structure. For example, the State Student Incentive Grant Program currently insures that for each dollar of Federal support allocated, there is matching dollar of state support going into the program. As such, the total pool of existing state funds is at least doubled. However, once that program is eliminated, there are a number of states who, faced with their own budgetary constraints will in all likelihood no longer expend those state dollars for need-based grants. Therefore, several million dollars will be lost that up to now have been serving needy students; and those student in may cases will simply not have as many grant dollar available.

Two other concerns that some institutions have expressed is their ability to come up with the fifteen percent matching requirement for the block grant program, and whether or not they will really have more discretion in administering this program than they do with the current array of programs given the oversite authority vested with the Secretary of Education.

NASFAA commends the Chairman for several of the changes that have been proposed for the Guaranteed Student Loan Program. Like our colleagues with the National Council of Higher Education Loan Programs, we strongly favor the repeal of the 5 percent origination fee and establishment of a Lender of Last Resort Program in each state. We are concerned, however, about the impact that the reduction in the special allowance may have upon commercial lenders. As you know, a study was conducted in April of 1983 by a subcommittee of the National Commission on Student Finacial Assistance, to examine the consequences of changing the method for determining the quarterly rate of the special allowance. After holding hearings and conducting research on the subject, the subcommittee unanimously recommended that the special allowance formula should be retained in its current form at this time. Their recommendation was based upon evidence that any reduction in the special allowance would result in disruptions in the supply of educational loan capital and reductions in lender participation in the loan program. They also noted that they was no conclusive evidence that the lender profits from the current special allowance formula were excessive. Therefore, we would recommend that the current formula of 90 day T-bill plus 3.5 percent be retained.

We also note that HR 5240 increases the annual loan limits for undergraduate students to $3,000 per year and up to $7000 per year for graduate or professional students. While many of our members favor an increase in the annual loan limits, this is an area in which there are widespread differences of opinion. As previously noted, NASFAA is very concerned about increasing student indebtedness and ability of many of these students to satisfactorily handle their loan repayment obligations. Additionally, we are concerned that if student loan volumes increase substantially, program costs for the GSL Program will rise, thus making it more difficult to obtain adequate appropriations for the grant programs. However, we also are concerned that the current annual GSL loan maximums of $2,500 for undergraduate students and $5,000 for graduate and/or professional students are insufficient for many students who have elected to enroll in higher priced institutions or programs. As such, these students, many of whom are not eligible for Pell Grants, certainly need access to adequate loan capital. The increases proposed in HR 5240 would greatly help many of these students, but even with these increases there will still be students and families who will need additional sources of capital. This will continue to be

true for many of our older independent students, who often have dependents of their own, and for some graduate and professional students who must rely almost exclusively upon loan funds to meet their educational expenses. While we realize that the bill provides authority for the Secretary to waive the loan limitations and establish higher limits for students engaged in specialized training requiring exceptionally high costs of education, we do not believe that such action will occur, unless the law requires the Secretary of Education to implement this provision. Our own Association has previously asked the Department to establish such standards for professional students based upon the same authority contained in current law. The Department has ignored such requests believing that it would only add to the growing costs of the GSL Program. While there is no doubt that such is the case, the fact remains that many of these students desperately need higher loan limits, if they are going to be able to finance the educational costs associated with such programs. We believe that these problems will become even more prevalent in the next few years if something is not done to address the issue. NASFAA realizes that there are major policy and financial questions regarding whether or not to increase student loan limits, but many students and families simply will not be able to finance postsecondary education in the coming years without a realistic, readily available, and sound credit system that can provide the amount of capital that are needed to cover rising educational costs.

NASFAA would therefore support modest increases to the existing GSL annual and aggregate loan limits. Further, the Subcommittee should give consideration to establishing, in law, higher aggregate loan limits for professional students.

NASFAA also is concerned that HR 5240 requires all GSL applicants to undergo a financial needs test in accordance with the provision outlined in Section 482. While we appreciate that the inclusion of this requirement is to insure that students that do not need loans were receiving them, we are concerned that the provisions contained in Section 482 will eliminate from eligibility many middle-income family students who are currently eligible and who are in need of such loans. Under the current provisions, individuals whose family adjusted gross income is $30,000 or more who are applying only for a GSL, and not other forms of Title IV aid, may have their eligibility determined based upon a needs test that excludes from consideration a family's assets. As such, many families whose children would not qualify for Pell Grants or campus-based funds because of the standard contribution expected from their assets as well as income, are able to receive a GSL. This is true of many older independent students as well.

However, if family assets are included in the formula for determining their eligibility, many of these families and students will no longer qualify and therefore will not have the cash flow to enable them to meet the educational expenses.

If a needs test is to be imposed upon all students who apply for a GSL, then that test should be less restrictive than the test used to determine eligibility for grant assistance.

We should also point out that if you have all students undergo a financial needs test, then there is no reason to automatically exclude from eligibility a student whose family adjusted gross income is in excess of $65,000. While obviously most people will not qualify at this level, there are families in high cost areas, in which two working parents could easily have an income in excess of $65,000, but who also have three children in college at the same time. Such a family may need a GSL far more than a family with only one child in school, and have an income level of $60,000. Obviously the purpose of having a need test is to establish equity and to insure that only people who need the funds receive them. This can be accomplished without imposing other restrictions that will unfairly penalize those deserving families who have unique circumstances.

In addition to these general concerns about HR 5240, we also have a number of more technical issues that should be raised. While it is not necessary to address all of these issues at this time, we would like to express our concern about the proposed provision included in the Pell Grant Program that limits an undergraduate student's eligibility to five years. We can understand that the purpose of this provision is to insure that students are advancing toward their degree objective in a reasonable period of time, however the existing law already requires schools to establish standards of satisfactory academic progress and to measure a student's progress toward those standards. This is why in the Education Amendments of 1980, the four year eligibility limitation was dropped. While our members certainly support the principle that student aid recipients have a responsibility to use such funds only for educational purposes and to apply themselves towards their academic endeavors, we are concerned that this limitation will once again add administrative complexity to the program that is unnecessary. The facts are that very few students receive Pell

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Grants for more than five years, and when they do it is usually because of unique circumstances that a school has determined are appropriate for that student. To again impose a federally operated monitoring and tacking system, similar to what existed prior to 1980, is not only unnecessary but counter to the goals of simplification stated in the bill.

We also are concerned about the new definiton that is being proposed in the Pell Grant Program to define "independent" student. While NASFAA has previously endorsed the concept of extending the existing criteria to include one more calendar year, we believe that the criteria being proposed will be very difficult to administer, because of the requirement to show proof of an independent source of income equal to at least $4,700 during such immediate preceding year. This requirement seems reasonable from a policy standpoint, but it will be an administrative nightmare to adminsiter, when it comes to designing application forms and writing instructions. We also are concerned that while veterans, graduate students, and people over 24 years of age are automatically judged to be "independent," no provision is provided to extend the same exception to individuals with dependent children who are under 24 years of age, or those persons whose natural parents are deceased or who are wards of the state. Perhaps the definition did not mean to exclude these individuals, but it would appear to read that way.

In conclusion, Mr. Chairman, let me say that NASFAA will be happy to work with you, the other members of the Subcommittee and the staff to review the Committee print for other technical issues. In fact, one of our own Committees has already completed a thorough review of the existing Title IV programs in an effort to identify specific problems that should be addressed. Many of these proposals have been incorporated into the technical recommendations that were provided to the Subcommittee by the National Student Aid Coalition. Others are attached as an Appendix to this statement. We hope that these recommendations will be carefully considered as you work toward a final reauthorization bill. Thank you for providing me the opportunity to appear before you today, and please note that NASFAA shares this Subcommittee's commitment to developing and maintaining a viable and efficient set of student aid programs that will appropriately meet the needs of our nation's postsecondary education students. I will be happy at this time to answer any questions that you or the Subcommittee members may have.

APPENDIX

TECHNICAL AMENDMENTS PROPOSED TO THE EXISTING TITLE IV STUDENT FINANCIAL ASSISTANCE PROGRAMS

Program: Pell Grant

Statutory citation.—Sec. 411(a)(1)(A).

Issue.—Extension of Authorization and Establishment of Entitlement.

Statement of problem.—Authorization for the Pell Grant Program ends September 30, 1985. The entitlement concept has been inherent in the program since its inception, however, funding limitations over the past several years have prohibited eligible students from receiving the maximum amount authorized under the program.

Recommended change.—Authorization for the Pell Grant Program should be extended until the next anticipated reauthorization of the Higher Education Act of 1965, as amended. To ensure that deserving and needy students receive the full amount for which they are eligible, the program should be designated as a "true" entitlement, thereby ensuring the availability of grant funds for financially needy students.

Statutory citation.—Sec. 411(a)(2)(A).

Issue.—Maximum Amounts Authorized.

Statement of problem.—The costs of obtaining a postsecondary education will continue to increase annually. In order to ensure a reasonable balance between grant, loan, and work programs needed to assist financially needy students, incremental increases in the maximum amount authorized under the program must be enacted. Reasonable increases in the maximum Pell Grant will help to reduce the number of needy students currently participating in the program who would be made ineligible from year to year because of slight increases in their family income.

Recommended change.—Increase the maximum grant amounts incrementally and conform the academic years, which are tied to those amounts, with the extended authorization.

Statutory citation.—Sec. 411(b)(3)(B).

Issue.—Reduction of Pell Grant Amount.

Statement of problem.—The statute currently authorizes the Secretary to establish a schedule of reductions for a student whose family contribution is more than $200, in any fiscal year that insufficient funds are appropriated to pay maximum awards.

Recommended change.—The reduction schedule is unnecessary if the program is established as an entitlement and should be repealed.

Statutory citation.—Sec. 411(b)(5)(A)-(E).

Issue.—Threshold Levels.

Statement of problem.—The statute currently ties the Pell Grant maximum award for each fiscal year to funding for the Supplemental Educational Opportunity Grant, the College Work-Study, and the National Direct Student Loan Programs. These threshold levels are not observed and therefore serve no purpose.

Recommended change.—Repeal the statutory requirement that ties Pell Grant maximum awards to campus-based funding levels.

Program: Supplemental educational opportunity grant

Statutory citation.—Sec. 413B(a)(2)(B).

Issue.—Minimum Award and Uneven Payments.

Statement of problem.—Institutions are currently prohibited from awarding a student a Supplemental Grant that is less than $200 for an academic year. In addition while not addressed in statute, Education Department regulations prohibit uneven payments to students under this program.

Recommended change.—The minimum amount atuhorized to be paid to an eligible student under the SEOG Program should be left to institutional discretion. While the statute currently allows proportional reduction of the grant amount for students enrolled for less than a full academic year, some institutions have experienced audit exceptions for this practice. Therefore, the minimum grant amount should be left to the discretion of the institution. In addition, students often incur uneven costs for particular academic terms because of either personal or academically related reasons. Institutions should be given flexibility to meet these demands within the necessary constraints of the student's annual cost of attendance and the maximum grant amount.

Statutory citation.—Sec. 413C.

Issue.—Administrative Expense Allowance.

Statement of problem.—Sections 489 and 488 of the current statute provide for the payment to institutions of an administrative expense allowance under the SEOG Program and the transfer of funds between the SEOG and College Work-Study Programs. The sections governing the College Work-Study and National Direct Student Loan Programs contain specific language regarding the authority to pay administrative expense allowances and the College Work-Study section contains language which specifically allows for the transfer of funds to the SEOG Program.

Recommended change.—Comparable language should be included in the SEOG section to allow for payment of an administrative expense allowance and transfer of funds to the College Work-Study Program.

Program: State student incentive grant program

Statutory citation.—Sec. 415A(b)(1).

Issue.—Extension of Authorization.

Statement of problem.—The authorization for the SSIG Program expires at the end of fiscal year 1985. While some would argue that the program has achieved its intended purpose, there are still approximately 20 states that would not continue to provide grant funding if the Federal matching grant was eliminated.

Recommended change.—This program has provided valuable assistance to numerous needy students. The matching requirements should be retained and the authorization levels increased.

Statutory citation.—Sec. 415B(a)(1)(A) & (B).

Issue.—State allocations.

Statement of problem.—Currently, the formula used to allocate SSIG monies to states allows the counting of all students in the state who are in attendance at institutions of higher education even though students enrolled at certain types of institutions are ineligible to receive SSIG funds.

Recommended change.—The language in the statute should be changed to disallow the inclusion of students enrolled in institutions of higher education who are, at the discretion of the state, ineligible for funds under the SSIG Program.

Guaranteed student loan program

Statutory citation.—Sec. 425(a)(1) & (2); 428(b)(1)(A) & (B); 428A(a)(1) & (2)(A).

Issue.—Annual and Aggregate Loan Limits.

Statement of problem.—Annual and aggregate loan limits under the GSL Program have not been increased for several years. NASFAA is very concerned about student indebtedness and appropriate balance between grants, loans, and work programs.

Recommended change.—Annual limits under the GSL Program should be increased to $3,000 and $7,000 for undergraduate students and graduate students, respectively. Aggregate loan limits should be increased to $15,000 and $35,000 for undergraduate and graduate study, respectively. These modest increases along with reasonable increases in grant and work programs will continue to help to defray the cost of attending postsecondary education for needy students.

Statutory citation.—Sec. 427(a)(2)(I); 428(b)(1)(O); 428(d).

Issue.—Payment of GSL Funds.

Statement of problem.—Currently, lenders and/or agencies are encouraged to notify institutions when a borrower has been approved for a GSL, but many do not provide this notification. The absence of such knowledge poses problems in the packaging of student aid.

Recommended change.—At the option of the institution, checks should be made co-payable to the student borrower and the institution and should be sent directly to the institution.

Statutory citation.—Sec. 428(b)(1)(E).

Issue.—Accelerated Repayment.

Statement of problem.—The statute in this section requires borrowers to request a shorter repayment period during the grace period. While a shorter term repayment option is offered elsewhere in the statute, it seems unnecessary and inconsistent to have different language in this section.

Recommended change.—Repeal the language requiring borrowers to request a shorter repayment period during the grace period and allow such requests to occur at any time during the repayment.

Statutory citation.—Sec. 428B(a)(1).

Issue.—Expansion of PLUS Eligibility.

Statement of problem.—Dependent graduate students have an equally difficult time obtaining funds to finance their education. Parents of such students may be willing to contribute to this cost but often experience cash flow problems and need a mechanism to help alleviate this problem.

Recommended change.—Expand PLUS eligibility to parents of dependent graduate and professional students.

Statutory citation.—Sec. 428B(d).

Issue.—Notification of GSL Approval or Disapproval.

Statement of problem.—Although currently required by statute, lenders and/or agencies do not always notify institutions when a borrower has been approved for a GSL.

Recommended change.—Require the lender or the insurer to notify the institution that certified the loan application of either the approval or disapproval of the loan. Notification of the approval of a loan could be accomplished by transmiting a check for the loan proceeds directly to the institution. Otherwise, a copy of the student's letter of approval or disapproval could be sent directly to the institution.

Statutory citation.—Sec. 430(a).

Issue.—Contact with Defaulted Borrowers.

Statement of problems.—Concern has been express about whether appropriate efforts are being made in some cases to contact defaulted borrowers before they are turned over to the Secretary for collection. While the statute currently requires investigation of due diligence in such cases, additional proof may be necessary.

Recommended change.—Require the insurance beneficiary to submit proof that reasonable attempts were made to locate the borrower in such cases where the whereabouts of the borrower are unknown and proof that contact was made with the borrower in such cases where the location of the borrower is known.

Statutory citation.—Sec. 430(b)(2)(A); (C) (iv); and (D)(ii).

Issue.—Exchange of Information.

Statement of problem.—The Secretary currently has authority to enter into cooperative agreements with credit bureau organizations providing for the exchange of information concerning student borrowers. In order to promote responsive repayment of loans covered by Federal loan insurance, the Secretary may in some cases have to result to a similar exchange of information with other Federal agencies.

Recommended change.—Give the Secretary authority to enter into cooperative agreements with the Internal Revenue Service and other Federal agencies for the purpose of promoting responsible repayment of loans covered by Federal loan insurance.

Statutory citation.—Sec. 438(c).

Issue.—Loan Origination Fee.

Statement of problem.—The loan origination fee was implemented in the Omnibus Budget Reconciliation Act as an interim measure to reduce Federal costs during a period of high interest rates and inflation. This fee is no longer a necessary burden on students.

Recommended change.—Repeal the loan origination fee.

Other GSL recommendations.—(1) Reinstate provisions for loan consolidation and expand this authority to include other eligible entities; (2) Expand loan consolidation to include all Federal student loan programs; (3) Require a lender-of-last-resort program, the eligibility criteria of which does not exceed Federal guidelines; (4) Allow institutions to multiply disburse GSLs and retain any interest earned on an escrow GSL account for administrative expenses; and (5) Allow all institutions, at their option, to disburse GSL proceeds to a student borrower or apply all or a portion of the GSL proceeds to the student borrower's account up to 30 days prior to enrollment.

Program: College work-study

Statutory citation.—Sec. 441.

Issue.—Program Authorization.

Statement of problem.—The College Work-Study Program is authorized through the end of fiscal year 1985 at levels which have never been appropriated.

Recommended change.—Extend the program's authorization until the next anticipated reauthorization and increase the levels authorized to be appropriated to reflect the increasing need for available dollars to employ financially needy students.

Statutory citation.—Sec. 442(d)(1).

Issue.—Reallotment of College Work-Study Funds.

Statement of problem.—College Work-Study funds allotted to a state which have not been granted to an eligible institution by the end of the fiscal year for which they were appropriated, may be realloted by the Secretary. The only restriction is that the first 50 percent of the funds must be allocated to institutions for use in cooperative education programs. Funds reallotted under this section remain available for use in the next fiscal year. Unfortunately, this reallocated money is often awarded to institutions too late in the academic year to be expended.

Recommended change.—Additional language should be added to encourage the Secretary to reallocate such funds in a timely manner. Further, cooperative education is not a need-based program and while it is certainly worthwhile, it should not be co-mingled with College Work-Study nor should it be funded through Title IV. This program should be re-designated and given its own authority for appropriations.

Statutory citation.—Sec. 443(b)(1).

Issue.—Expansion of College Work-Study Employment.

Statement of problem.—Currently, profit-making institutions of postsecondary education are not allowed to employ students under the College Work-Study Program on campus. Students attending such institutions who need employment to help finance their education are forced to accept jobs off-campus.

Recommended change.—Expand College-Work Study employment to profit-making institutions of postsecondary education with the restriction that employment be for the institution itself and not in related revenue producing activities in which the institution may be involved.

Statutory citation.—Sec. 443(b)(1).

Issue.—Expansion of the Job Location and Development Program.

Statement of problem.—Institutions are currently limited to expenditures of $25,000 or 10 percent of their College Work-Study allocation for use in the Job Location and Development Program.

Recommended change.—Increase the amount and percentage allowable under the Job Location and Development Program to $50,000 or 20 percent of an institution's College Work-Study Program. This program has proven to be extremely successful and institutions should be allowed the opportunity to expand it further to meet the needs of students.

Statutory citation.—Sec. 443(b)(4).

Issue.—Termination of Employment Under the College Work-Study Program.

Statement of problem.—The current statute indicates that an institution may not require a student employed under the College Work-Study Program to terminate that employment during a semester (or other regular enrollment) at the time income derived from any employment exceeds the amount of the student's need, but when the excess equals $200 or more, continued employment cannot be subsidized with College Work-Study funds. This represents significant difficulty for those insti-

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tutions that have little or no institutionally-sponsored employment program with which to subsidize the continued employment of such students. In addition, it creates an overaward situation which has resulted in overly prescriptive regulations issued by the Education Department and inconsistent interpretations by the Department and its Regional Offices.

Recommended change.—This section should either be repealed or specify that institutions may continue such employment, at their option.

Program: National direct student loan

Statutory citation.—Sec. 461(b)(1)&(2).

Issue.—Extension of Authorization.

Statement of problem.—The authorization for Federal Capital Contributions under the NDSL Program expires at the end of fiscal year 1985. This program has for many years assisted financially needy students in their pursuit of a postsecondary education. The NDSL Program serves a group of students who may not have ready access to the GSL program and who must borrow to finance their postsecondary educations. NSDL Program funds are administered by institutions, the personnel of which are in the best positions to know and be sensitive to the unique needs of their student populations.

Recommended change.—The NDSL Program authorization for Federal Capital Contributions should be extended until the next anticipated reauthorization to allow for flexibility at the institutional level in awarding the most beneficial mix of funds to the students it serves.

Statutory citation.—Sec. 463(a)(5).

Issue.—NDSL Assignments.

Statement of problem.—Defaulted NDSL notes are currently not eligible for assignment to the Education Department until they have been in default for at least 2 years.

Recommended change.—Allow defaulted NDSL notes to be assigned to the Education Department after 1 year in default. This change would move the defaulted note into assignment in a more timely manner and provide for a more reasonable chance of collection by the Secretary.

Statutory citation.—Sec. 463(a)(5)&(6).

Issue.—Depository for NDSL Collections.

Statement of problem.—Currently the statute requires that funds collected on an NDSL be deposited in the general fund of the Treasury.

Recommended change.—NDSL funds collected should remain available for distribution to institutions as a part of the Federal Capital Contribution until the close of the second fiscal year next succeeding the fiscal year in which the sums are collected, thus providing for the reallocation of such collected funds to institutions to relend to needy and deserving students.

Statutory citation.—Sec. 463(c-1).

Issue.—*Exchange of Information.*

Statement of problem.—The statute currently gives the Secretary authority to enter into cooperative agreements with credit bureau organizations to provide for the exchange of information concerning defaulted student borrowers.

Recommended change.—The Secretary's authority should be expanded to authorize the exchange of information on defaulted borrowers with other Federal agencies to assist in the collection of such loans.

Statutory citation.—Sec. 464(c)(1)(C).

Issue.—Minimum Repayment.

Statement of Problem.—The Education Amendments of 1980 resulted in the establishment of multiple loans with different interest rates, grace periods and deferment provisions. To keep the total payment of these loans at $30, the law: (1) does not allow the borrower the benefit of deferment provisions to which he or she is entitled, (2) makes meaningless, the disclosure information the borrower receives at the exit interview (as the dollar amount of interest, number of payments, and repayment schedule change during the repayment of each loan), and (3) increases institutional costs as repayment schedules are recalculated by hand or computers or reprogrammed repeatedly during the repayment period.

Recommended change.—Allow institutional flexibility with respect to the $30 minimum repayment when differing terms and conditions exist on different loans for the same student. *Statutory citation.*—Sec. 468 and Sec. 469.

Issue.—Alternative Source of Funds & Recapture of Current Loan Fund Balance.

Statement of problem.—These sections were enacted in the 1980 amendments and have never been implemented.

Recommended change.—Repeal Sec. 468 and 469, they are unnecessary provisions which serve no purpose.

Program: General provisions

Statutory citation.—Sec. 481(b) & (c).

Issue.—Ability to Benefit.

Statement of problem.—The requirements imposed on institutions by the Education Department in order to comply with the ability to benefit provisions are overly burdensome and unnecessary. Satisfactory academic progress provisions provide sufficient control over a student's receipt of Title IV aid thus negating the necessity of the ability to benefit provisions.

Recommended change.—Repeal the ability to benefit provisions.

Statutory citation.—Sec. 482.

Issue.—Need Analysis.

Statement of problem.—The current need analysis provisions have never been effectively implemented due to funding constraints in the programs. The analysis used in the Pell Grant Program is not a reasonable and realistic standard for assessing a family's contribution and should not be presented as such, but rather as a rationing mechanism for inadequate Federal funds.

Recommended change.—Designate the Uniform Methodology as the single national need analysis system standard for measuring a family's ability to contribute toward postsecondary educational expenses. Specific program eligibility criteria for individual programs such as the Pell Grant or GSL Programs should be built into the system to accommodate funding deviations.

Statutory citation.—Sec. 482(c)(1).

Issue.—Dependency Status.

Statement of problem.—The current statute allows for a separate treatment of married students for the purpose of establishing independence.

Recommended change.—Repeal the provision and treat all students the same for the purpose of establishing independence.

Statutory citation.—Sec. 482(c)(2).

Issue.—Definition of Independent Student.

Statement of problem.—Much debate has occurred over the definition of an independent student. The current statute leaves this determination to the regulations of the Secretary thus allowing for changes from year to year.

Recommended change.—The definition of independent student should be written into the statute as follows:

The components currently used to assess a student's independent status (relationship with parents in the areas of residing at home with, being claimed as a Federal income tax exemption, and receiving financial support) should be retained. Changes to the test for independence should include: (1) the dollar amount which a student receives from the parent(s) should be identical to that amount which is allowed annually by the Internal Revenue Service for claiming an exemption; (2) an additional base year should be added to the current criteria used to assess independence. The definition of independence should be used consistently for all Title IV student aid programs.

Statutory citation.—Sec. 484(a)(3) & 485(a)(1)(k).

Issue.—Satisfactory Academic Progress.

Statement of problem.—The current statute specifies that in order to receive Title IV student aid funds, a student must be maintaining satisfactory academic progress in the course of study he or she is pursuing, according to the standards of the institution. While the wording of this section would appear to allow the institution to establish its own standards, which in many cases for Title IV student aid are more restrictive than for students not on aid, Education Department interpretations have imposed unnecessary and unsubstantiated provisions which have resulted in institutions lowering their standards for Title IV aid recipients. The Department's regulations have extended far beyond the community's interpretation of legislative intent and have imposed burdens on institutions and students which are contrary to the Principles of Satisfactory Academic Progress accepted and implemented by the community. The Department, for example, requires institutions to consider a student's academic performance prior to the receipt of Title IV aid and during periods of nonreceipt of such aid. In many cases, this penalizes a student by enforcing provisions related to receipt of Title IV aid upon him or her during times when he or she is not receiving such aid.

Recommended change.—Revise the language to specify that the Title IV student aid recipient only be required to maintain satisfactory academic progress while receiving such aid.

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Statutory citation.—Sec. 484(a).
Issue.—Citizenship as a Condition of Eligibility.
Statement of problem.—Citizenship is not currently a criteria used in determining eligibility for Title IV aid even though regulations of the Education Department mandate such consideration.
Recommended change.—Add citizenship to the eligibility criteria for receipt of Title IV aid and use the Education Department's regulatory language.
Statutory citation.—Sec. 487(a).
Issue.—Maintenance of Level of Effort.
Statement of problem.—Reductions in funding by States and private organizations have made it difficult for institutions that previously have included such funds in their maintenance of level of effort to make up this difference. While the Secretary has the authority to waive these requirements, he has not chosen to do so formally.
Recommended change.—Repeal the requirements of this section.
Statutory citation.—Sec. 487(b)(1)(A).
Issue.—Reasonable Margin for Error.
Statement of problem.—Administrative errors on the part of institutions where abuse is not a question have resulted in small amounts of liability being assessed institutions and complicated procedures being implemented by the Department for the collection of such amounts.
Recommended change.—Allow for a reasonable margin for error and specify that institutions not be held fiscally liable up to a certain amount which might be expressed as a percentage of total Title IV dollars received or a sliding percentage based on the size of the institution's Title IV aid.
Statutory citation.—Sec. 488.
Issue.—Administrative Allowance.
Statement of problem.—Institutions are continually being asked to absorb additional administrative requirements brought about primarily by regulations and guidelines imposed by the Education Department. These requirements are in many cases over and above those mandated by Congress, but nevertheless, they must be adhered to and often implemented without sufficienit leadtime.
Recommended change.—Increase the administrative allowance for the Title IV student aid programs to reflect the increased costs of administering the programs.

Mr. BLAKEY. Mr. Campbell.

STATEMENT OF ROGER CAMPBELL, PRESIDENT, NATIONAL ASSOCIATION OF COLLEGE ADMISSIONS COUNSELORS

Mr. CAMPBELL. Thank you.

Ny name is Roger Campbell. I am currently serving as the president of the National Association of College Admissions Counselors, an organization which includes some 3,000 practitioners who are engaged with students in the transition that they make from schools to colleges.

I did submit written testimony and I would hope that that may be included in the official record of today's hearing.

Mr. BLAKEY. It will be included in the record.

Mr. CAMPBELL. I am here to focus on one dimension of the bill, which is looking to the thought of creating a national center for postsecondary educational opportunity. My perception of the intent of this provision is to encourage the development of collaborations among professional young groups and to reduce the possibility that students will be denied access to postsecondary opportunities as a result of inadequate or poorly timed information.

I think that has been a popular topic that has cut across most of the testimony that I have heard today. To accomplish the idea of creating a future student population that broadly represents this country both in terms of its racial composition, its socioeconomic composition and the like, it is obviously imperative that adequate financial aid funding exist; that early information about appropriate academic preparation be provided to students at a very early

time, and that early information regarding the rules, the procedures and the wisdom of both be available as another imperative.

In my view, and I think I accurately describe the view of my membership, access and choice can only exist as a possibility if students have information that will help them prepare themselves for college entrance in the best possible way and if appropriate funding is available to help those students achieve that ambition. Each of the professional organizations that are represented here can work together to develop an agenda to serve what I understand to be the intent of this provision.

I think that there are informal examples of that type of collaboration taking place today, every year. What seems to be necessary is a central focus, to me a convening mechanism which enables our separate interests as professional organizations to be drawn together.

If I may, I would like to use two strong examples of activities that are presently in place that serve what I believe is the best intent of the Congress and then a personal example, which may or may not. But in any event, I would like to identify from Mr. Simon's home State of Illinois a person who I recognize as one of the most formidable movers of students from the schools to colleges that I can think of. His name is Mr. Silas Burnell. He is currently the director of one dimension of the community services working out of an apartment building, if you will, in the vicinity of the Illinois Institute of Technology.

From my own personal experience, I recognize that this man is reaching some 4,000 to 5,000 clients annually. He is reaching students who are a part of what is usually defined as the hard core inner-city segment of the city of Chicago. Thanks to his commitments, there are many of those students who are finding excellent opportunities in higher education today because he has brought together the process of applying for college and financial aid and encapsulated it in a short period of time.

Another friend and associate I could refer to is a gentleman from Los Angeles named Jack Wright, who works with Franklin High School there, a school that 15 years ago was 90 percent Anglo and today is 60 percent Hispanic. He was able to find the commitment to stay there to the point now where Mr. Wright's commitment to his student extends well into the evenings and weekends. He sits down with the families, plans individually the college courses for many students, the financial aid; indeed, there are many students who are in college today thanks to the commitments of him.

On a personal note, I would like to move to a commitment that I feel sort of describes what I believe has been discussed here in the way of disseminating early information about college planning. When I moved to Denver this fall, I intended to reach members of the Denver public schools to share with them a conviction I felt for communicating not with seniors or juniors in high school, but to begin counseling families, parents of eight graders to help them plan an appropriate academic experience for their children's secondary education.

The first meeting that was held included, in addition to myself, the director of financial aid at the University of Denver, and another gentleman representing an interest group that is designed to

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help families plan financially. We met with an audience of some 200 people and I felt we not only had a captive audience, but we communicated to them a sense that there are possibilities beyond high school. Careful planning and meeting daily is entirely the key to access and choice. I think we had an optimistic evening and we had an enthusiastic and responsive audience.

These are examples of what I think is possible and necessary, and I believe that a national center can arrange for these activities to occur on a vastly larger scale, and I believe it strongly should.

Again, I think the key ingredient to defining what the population of college youngsters might be like in 5 or 10 years is tied very much to the levels of funding that the Congress can support for financial aid purposes, for needy students, again with your encouragement and information to students, parents, and school counselors, with workshops and meetings that are organized in an effective manner, and we must stress an adequate preparation; that is, the academic preparation of the students to increase postsecondary opportunities.

I thank the committee for the opportunity to present this testimony and would be happy to answer any questions that you may have.

Mr. BLAKEY. Thank you.

[Prepared statement of Roger Campbell follows:]

PREPARED STATEMENT OF ROGER CAMPBELL, DEAN OF ADMISSION AND FINANCIAL AID, UNIVERSITY OF DENVER AND PRESIDENT, NATIONAL ASSOCIATION OF COLLEGE ADMISSIONS COUNSELORS

Mr. Chairman, members of the Subcommittee, my name is Roger Campbell and I am Dean of Admission and Financial Aid at the University of Denver. Today I am speaking to you as President of the National Association of College Admissions Counselors (NACAC). That organization consists of more than 3,000 school guidance officials and college admission officers. It is, as the name implies, national in scope and our membership is concerned as well as involved in all aspects of the transition students face as they move from schools to colleges.

Speaking for the membership of the NACAC, I wish to commend you in the strongest possible way for including a provision in H.R. 5240 which calls for the formation of a National Center for Postsecondary Educational Opportunity. It is to that specific segment that I would like to address my testimony.

A National Center for Postsecondary Educational Opportunity brings important credibility to the legislation you have created. Specifically, it illuminates the need for information students require and it gives visibility to counseling and counselors. It has been excruciatingly painful to those of us who guide students that no mention of this activity has been included in most major evaluations of the American high school condition in recent months.

In my view the concepts of access and choice are substantially improved if funds are available to assist needy students and if these same students receive timely information and meaningful counsel.

It is of great concern to the National ACAC, and indeed to what appears to be a bipartisan interest of the Congress, that there is an urgent need to improve the timeliness and quality of information students receive with respect to their desire to participate in postsecondary education. An absence of concern for these two points would lead us to an educational condition that includes students who are horribly underinformed and painfully underprepared. Beyond that we may also certainly see that large segments of the American public will continue to be under-represented in the various arenas of postsecondary opportunity. Frankly speaking, I believe a National Center for Postsecondary Educational Opportunity could reduce many of the problems we now have. That is it would, in my opinion, assist the Congress in its desire to vastly improve the quality of planning information potential participants in postsecondary education receive. We believe your decision is precisely the proactive posture that should be applauded.

Among the intelligence this type of National Center might share could be:

How to prepare for postsecondary education by making a proper selection of courses before students enter high school. That is, the Center could actively encourage the formal development of networks between middle and secondary schools.

How to plan the most appropriate financial savings alternative in order to better support a student who enters postsecondary education. This would be especially suitable for the parents of pre-high school students who will then have at least four years of time to plan as well as to save.

How to recognize both the opportunities and demands that postsecondary options offer. That is, to support the notion that any student who is well prepared and well matched for their post high school choice will have a vastly improved possibility of completing the program he or she enters.

How to recognize and understand the variety of information which describes program opportunities, financial aid possibilities and the eligibility requirements of both.

If there is an advocacy that such a Center might support it would be that inclusive and linear counseling systems are vital. Those of us who are colleagues in the National ACAC recognize enormous gaps both in counseling services at schools and, indeed, in the numbers of trained counselors available for students who require guidance. It would be among my strongest hopes that a National Center for Postsecondary Educational Opportunity would financially and intellectually support the development of the curriculum and faculties to train school counselors in all regions of the country. Such training activity has been a natural part of the ACAC's commitment to counselors and to students alike. The type of training I refer to is workshops, short courses and lectures that might range from a few hours to a few days in length. Such activity would also be greatly enhanced if a National Center played a supportive role in developing the guidance materials used.

As I have said before, access and choice are possibilities for students certainly if financial aid is available for those who require assistance but also if timely information and guidance are offered as well. If one or the other of these is missing, choice is—to a large extent—compromised.

It is the context of my professional experience which prompts me to say that postsecondary planning frequently occurs too late in a student's high school experience. It is also my view that life will be far more complicated for my children than it has been for me up to this time. Having made these two points I believe that a National Center for Postsecondary Educational Opportunity will most effectively serve the interests of American citizens—and indeed what I believe is the intent of the Congress—by pressing for improved information as well as earlier and better planning on the part of students and their families.

The National Center which you have introduced in H.R. 5240 openly supports the participation of trained professionals in the development of the types of training activities I have mentioned in this testimony. It is clear that financial aid administrators, college admission officers, school counselors and professionals who serve the under-represented, such as the TRIO organizations, are intended to participate in the activity such a Center would orchestrate. This is precisely what is required and there are many examples of successful collaborations by professionals representing these organizations each year. However, the possibility which H.R. 5240 brings forward is the likelihood that all training activity for students or counselors would be of uniformly high quality and available to those who need it badly. Therefore, a faculty can be created in any part of the country and the Congress can be assured that there would be consistent quality both among those who are teaching and the materials they use.

In summary, a National Center for Postsecondary Educational Opportunity would be very effective in stimulating the development of counseling materials for students and by supporting the development of workshops for counselors. It would also serve as an agency which encourages programming for students in a direct fashion as well.

Mr. BLAKEY. Dean Payne.

STATEMENT OF HAL D. PAYNE, PAST PRESIDENT, NATIONAL COUNCIL OF EDUCATIONAL OPPORTUNITY ASSOCIATIONS AND DEAN OF DEVELOPMENTAL SERVICES, OBERLIN COLLEGE

Mr. PAYNE. Gentlemen, my name is Hal Payne. I am dean of developmental services at Oberlin College in Oberlin, OH. I am also

past president of the National Council of Educational Opportunity Associations and appear today on behalf of that organization.

I very much appreciate the opportunity to come before you today to discuss H.R. 5240. I will address my remarks to subpart 1 of part (c) of title IV governing the special programs for students from disadvantaged backgrounds, as well as to section 491 regarding the national center for postsecondary opportunity.

Like many of my colleagues on the panel, I hope that you will note my written remarks submitted and will limit my comments.

Mr. BLAKEY. We will enter those into the record in their entirety.

Mr. PAYNE. The Council fully supports section 491 regarding the center as drafted, and supports the TRIO subpart, with the exception of section 474(d)(2), a new provision which gives priority in special services funding to certain categories of institutions.

For a number of young people and adults, the only obstacles to college attendance are obstacles of an economic sort, that is these students simply cannot pay the entire cost of postsecondary attendance. The student financial aid programs are designed to address this issue of relative economic disadvantage, and yet many students, on the other hand, face obstacles to college attendance and graduation in addition to lack of financial resources. These obstacles include lack of information about the postsecondary options which are available to them, both in terms of college choice and financial aid; lack of familial and peer support for college attendance; lack of academic preparation; and lack of self-confidence.

Since I work so closely with students, it would be very difficult for me to talk with you about these programs without describing two former students with whom I have been acquainted for whom TRIO programs have made the critical difference with respect to opportunity in this society.

Everett Glenn was a student at Oberlin in the mid-seventies. He enrolled there on the advice of a counselor in the Case Western Reserve Upward Bound Program in which I was a participant. Mr. Glenn grew up in one of the worst sections of Cleveland and attended a fairly typical inner city high school where he was a C student.

His older sister, who had graduated prior to him, had graduated second in her high school class. However, she did not have the information that is disseminated through an Upward Bound Program or a Talent Search Program, and therefore, in spite of graduating second in her class, she did not attend college.

Everett received tutoring, counseling and extended instruction in writing from the special services project at Oberlin and after graduating from Oberlin College, he enrolled in and later graduated from the law school at Case Western Reserve.

After affiliating with two highly respected law firms, one in Cleveland and one in San Francisco, he has now gone out on his own to establish his own firm, Super Plus, which represents professional athletes and maintains offices in Oakland, California; Philadelphia, and Atlanta.

In contrast with his sister, who is working as an unskilled, nonprofessional person, Mr. Glenn has benefitted remarkably from exposure to the kind of information and training that we provided in TRIO programs.

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I have also recently become acquainted with Edward Mestas, who is presently an intern in the Commerce Department. He grew up in a small town in New Mexico. None of his brothers and sisters had finished high school.

He was recruited into the Upward Bound Program through an unusual circumstance. While running down the hall to escape his high school principal who was attempting to "paddle" him for being late to class, Mr. Mestas literally bumped into the Upward Bound director. Although a D student when entering the program, he eventually graduated from high school with a 3.7 average and from college with honors, and is now completing a MBA.

The House Committee on Education and Labor, in its report accompanying H.R. 5192, referred to the TRIO programs as "an integral part of the student assistance programs aimed at achieving equal educational opportunity" in this country. Indeed, my experience with these programs tells me that TRIO is in some ways wrapped in the American dream. These are programs that have demonstrated their potential to move students from America's ghettoes and barrios into its classrooms and eventually into its board rooms, but there has been a decline in educational opportunity in this country.

During the last several years, we have witnessed a substantial decline in educational opportunities at the postsecondary level. While there are, of course, some structural and operational problems in the student assistance programs which have exacerbated this decline, the principal cause, in my view, has been the loss in the real value of student assistance.

Since 1980, according to figures published by the college board, the value of student aid in this country has dropped by 21 percent. During that same period, the value of the TRIO appropriation has declined 28 percent. As a result, there are fewer low-income students on campuses today than there were 10 years ago, despite increases in the number of families in poverty. It is in this context of deep concern for the future of equal educational opportunity at the postsecondary level that H.R. 5240 must be examined.

The NCEOA strongly supports the authorization levels for TRIO included in the bill. H.R. 5240's authorization levels, while cautious, do allow for growth in TRIO funding and such growth is needed if we are to extend these programs to serve a significant part of our eligible population. And remember, TRIO projects in this country right now are serving less than 10 percent of the eligible population.

Let me at this point also commend the subcommittee for inclusion in H.R. 5240 of specific language which will require the Secretary to give recognition to an institution's prior experience in conducting a TRIO project in making future funding decisions. This language, which clarifies and strengthens the current law and practice, will work to assure that those institutions which are presently providing effective services through TRIO will not be arbitrarily discontinued.

At the same time, even with recognition for prior experience, ineffective projects are not likely to be continued.

The NCEOA supports the inclusion of the subpart on the National Center for Postsecondary Educational Opportunity as drafted.

The lack of understandable, timely, appropriate information about college options and financing makes the role of even the most conscientious parent, teacher, or counselor difficult. The lack of adequate information about college admissions and financing is a problem to which there seems to be no immediate, simple solutions available.

There are a wide range of partial solutions which might be suggested. What if a mass media campaign of the quality of the armed services recruitment advertisements were conducted to promote college attendance and postsecondary opportunity in this country? What if each school sent each parent a simple listing of the courses children should take to prepare themselves for college? What if every student could sit down at a computer in his home or school and determine the cost of attendance for any postsecondary institution in his State, the financial aid he or she would most probably be awarded at the institution and his or her probability of graduating from that college?

Some of these approaches may be workable. The problem now is that no single entity is responsible for examining issues related to access and promoting utilization of new methods for extending opportunity. For that reason, the NCEOA supports strongly the creation of the national center.

I do not mean to suggest that the solution to the problem of under-representation of low-income, first-generation, and minority students in college will be readily solved merely by making more information available. Certainly if there is insufficient financing of student aid, no amount of information will assure access.

The two former students I mentioned earlier would agree with me, I am sure, that personal intervention is also a key variable in effecting change in the lives of the disadvantaged. What enabled Mr. Glenn and Mr. Mestas to lead significantly different lives from their brothers and sisters was the intervention of concerned and knowledgeable adults, in this case TRIO staff, in their lives.

Talent Search and educational opportunity centers allow for that type of personal intervention. Over 80 percent of the Talent Search in EOC funds that are allocated go to fund staff, staff who are most often directly involved in the college counseling process.

H.R. 5240, by reducing the matching requirement for educational opportunity centers, brings additional consistency to that subpart.

In that the focus of this panel is on information regarding the student aid programs, I will limit my remarks regarding other programs.

I would like to comment at this time on the council's strong opposition to the addition of section 474(d)(2) to the special services authorization.

The NCEOA opposes this change in the special services authorization because it would serve to further limit low-income minority, first-generation, and financially handicapped students' choice regarding the institution which they will attend. It seems to reward an institution's failure to meet student needs, and it changes the focus of one of our four TRIO programs from student assistance to institutional assistance.

Furthermore, it proposes a radical change in our authorization without demonstrating evidence which seems to make that remedy necessary.

Finally, I would like to conclude by noting that the NCEOA has not in this testimony addressed certain information-related topics such as the student aid awards process. Of course we endorse the development of a master calendar and any steps which can be taken to simplify the student aids award process and to legislate a timetable to make certain that students are informed of aid available in a timely manner.

The NCEOA has participated in the deliberations of the National Student Aid Coalition and works closely with the National Association of Student Financial Aid Administrators on issues affecting low-income students. We support the recommendations being made to the subcommittee by the coalition and by NASFAA.

I thank you for this opportunity to testify, and I would welcome any questions you have on my testimony at a later time.

Mr. BLAKEY. Thank you.

[The prepared statement of Hal Payne follows:]

PREPARED STATEMENT OF HAL D. PAYNE, DEAN OF DEVELOPMENTAL SERVICES, OBERLIN COLLEGE, OBERLIN, OH, AND PAST PRESIDENT, NATIONAL COUNCIL OF EDUCATIONAL OPPORTUNITY ASSOCIATIONS

Mr. Chairman, Members of the Subcommittee, my name is Hal Payne and I am Dean of Developmental Services at Oberlin College in Oberlin, Ohio. I am also Past-President of the National Council of Educational Opportunity Associations and appear today on behalf of that organization. I very much appreciate the opportunity to come before you to discuss HR 5240. I will address my remarks to Subpart 1 of Part C of Title IV, the Special Programs for Students from Disadvantaged Backgrounds; as well as to Section 491, the National Center for Postsecondary Opportunity. The Council fully supports Section 491, the National Center, as it is drafted and supports the TRIO Subpart, with the exception of Section 474(d)(2), a new provision which gives priority in Special Services funding to certain categories of institutions.

THE FEDERAL ROLE IN ADVANCING EQUAL OPPORTUNITY IN HIGHER EDUCATION

The Federal support for higher education, both in student assistance and in other programs authorized under the Higher Education Act and related acts, has been designed to accomplish a range of tasks—from promoting excellence in elementary and secondary education to assuring military preparedness. At least since the Second World War; however, promoting equal educational opportunity in our nation's colleges and universities has been a central thrust of federal involvement in higher education. If there was not a strong commitment—from both sides of the aisle—to the goal of equal educational opportunity, there would be no need to reauthorize large sections of the Higher Education Act of 1965.

For a number of young people and adults, the only obstacles to college attendance are economic; these students simply cannot pay the entire cost of postsecondary attendance. The student financial aid programs are designed to address this issue of relative economic disadvantage. Many students, on the other hand, face obstacles to college attendance and graduation in addition to lack of financial resources. These obstacles include lack of information about the postsecondary options which are available to them, both in terms of college choice and financial aid; lack of familial and peer support for college attendance; lack of academic preparation; and lack of confidence.

I would like to briefly describe two former students with whom I have been acquainted for whom TRIO programs have made the critical difference with respect to opportunity in this society. Everett Glenn was a student in Oberlin's class of 1974. He enrolled at Oberlin on the advice of a counselor in the Case Western Reserve Upward Bound program. Mr. Glenn grew up in one of the worst sections of Cleveland, and attended a fairly typical inner city high school where he was a C student. His older sister, who had graduated second in her high school class, had not attend-

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ed college. Everett received tutoring, counseling and extended instruction in writing from the Special Services project at Oberlin. After graduation, he enrolled in and later graduated from the Case Western Reserve Law School. After affiliating with two respected law firms—in Cleveland and in San Francisco—he established his own firm, Super Plus, which represents professional athletes. Super Plus has its principal office in San Francisco and branch offices in Philadelphia and Atlanta. Mr. Glenn is presently President of Super Plus.

I have recently become acquainted with Mr. Edward Mestas who is presently an intern in the Commerce Department. Mr. Mestas grew up in a small town in New Mexico; none of his brothers and sisters had finished high school. He was recruited into Upward Bound in rather unusual circumstances. While running down the hall to escape his high school principal who was attempting to "paddle" him for being late to class, Mr. Mestas literally ran into the Upward director. Although a D student when he entered Upward Bound, Mr. Mestas graduated from high school with a 3.7 average; graduated from college with honors; and is now completing his M.B.A.

I am sure TRIO staff, students and former students and their families have provided each of you similar stories of many young people in your districts—poor students, physically-handicapped students, minority students, academically underprepared students—in whose lives the TRIO programs have intervened and made the critical difference.

In authorizing the TRIO programs, Congress recognized the non-financial obstacles to college attendance and graduation which many individuals face. It recognized that providing student financial aid, in and of itself, is not enough to assure that a large group of students will actually have a realistic opportunity to succeed in college. For this reason, the House Committee on Education and Labor in its report accompanying HR 5192, the Education Amendments of 1980, referred to the TRIO programs as "an integral part of the student assistance programs aimed at achieving equal educational opportunity."

In 1980, Congress targeted non-financial student assistance on the disadvantaged. Noting that many groups of young people and adults are disadvantaged due to a whole range of factors ranging from rural isolation to residence in an area where the predominant language is not English, rather than attempting to list each possible index of disadvantage, the Subcommittee used two factors—income and parents' educational attainment—to define the group targetted for TRIO services. It then gave program administrators on individual campuses the discretion to choose those most in need of services from among this target group.

There are five TRIO programs presently authorized. Two programs, Talent Search and Educational Opportunity Centers, are designed to provide information about college admissions and student financial aid. Both of these programs are short-term interventions with a per client cost below $100. Talent Search projects generally focus on youth; while Educational Opportunity Centers focus on adults including welfare recipients and displaced workers.

Two other TRIO programs work with students to assure that they are prepared for an graduate from college. Upward Bound works with students while in high school, both in summer sessions and in after school and Saturday programs. It aims to provide youth enrolled the skills and motivation they need to be successful in college. Upward Bound has demonstrated its ability to impact of student lives. For example, a 1980 Research Triangle Study commissioned by the Department of Education followed a random sample of 3,710 Upward Bound twelfth graders, and comparable students from the high schools in which they were enrolled who did not receive services. Ninety-one percent (91%) of Upward Bound graduates went on to college. Moreover Upward Bound graduates were four times as likely to graduate from college as similar students who did not have benefit of Upward Bound.

Special Services programs, on the other hand, serve low-income, first-generation and physically handicapped students already enrolled in college. Last year, Special Services projects provided counseling, remedial instruction, and tutoring to over 150,000 students including 11,000 physically handicapped students. The average cost per Special Services student served was less than $450. A Department of Education study of Special Services conducted by Systems Development Corporation concluded that students receiving the full range of Special Services—instruction, tutoring and counseling—were 2.26 times as likely to complete their freshmen year in college as were students who did not receive those services.

The fifth TRIO program provides training to persons working in EOC's Special Services, Talent Search and Upward Bound: In 1984–85, this training, which accounted for about one-half of 1% of the TRIO appropriation, was used to encourage computer utilization in TRIO projects, orient new directors, enable Special Services

projects to better serve the disabled, and strengthen instructional services in TRIO projects.

THE DECLINE IN EDUCATIONAL OPPORTUNITY

During the last several years we have witnessed a substantial decline in educational opportunity at the postsecondary level. While there are, of course, some structural and operational problems in the student assistance programs which have exacerbated this decline, its principal cause, in my view, is the loss in real value of student assistance. Since 1980, according to the College Board, the value of student financial aid dropped by 21%. During the same period, the value of the TRIO appropriation declined 28%.

Declining enrollments of low-income and minority students are troubling in the aggregate, and they are equally troubling on the individual campus. According to a study released this year by the National Center for Education Statistics, there are fewer black males in college today than there were in 1975, despite the fact that the number of blacks graduating from high school has increased by 20% since that time. The findings of the National Commission on Student Assistance indicate that there are fewer low-income students on campuses today than there were ten years ago despite increases in the number of families in poverty. Similarly, enrollments of Hispanic students are declining. Census data suggest that the percentage of 18 to 24 year old Hispanic youth attending college has declined from 20% in 1975 to less than 17% today. Finally, there are 50,000 fewer TRIO students served today than there were four years ago.

COMMENTS REGARDING GENERAL PROVISIONS IN THE TRIO SUBPART OF H.R. 5240

It is in this context of deep concern for the future of equal educational opportunity at the postsecondary level that H.R. 5240 must be examined. The NCEO strongly supports the authorization levels for TRIO included in the bill. H.R. 5240's authorization levels, while cautious, do allow for growth in funding for TRIO. And such growth is needed. In fiscal year 1985, TRIO projects served less than 10% of the eligible population.

I would, if I may, bring this rather amorphous figure down to the campus level. At the University of Illinois where they are more than 3,300 students eligible for TRIO services, the $89,000 Special Services grant provides only $27 for each eligible student. Thus services must be severely restricted. this type of funding is the rule rather than the exception. The average grant size in all of the TRIO programs is below $250,000 and in the case of the 133 Talent Search projects and the 640 Special Services projects, the average grant in fiscal year 1983 was below $110,000. In that the need for expanded TRIO services is well documented, the National Council of Educational Opportunity Associations strongly supports the TRIO authorization levels included in H.R. 5240 which allow for such expansion.

Let me at this point also commend the Subcommittee for the inclusion in HR 5240 of specific language which will require the Secretary to give recognition to an institution's prior experience in conducting a TRIO project in making future funding decisions. This language, which clarifies and strengthens current law and practice, will work to assure that those institutions which are presently providing effective TRIO services will not be arbitrarily discontinued. At the same time, even with recognition given to "prior experience," ineffective projects will most probably not be continued. Under current practice, a weeding out of what appear to be less effective projects takes place in every TRIO competition. In competitions held for fiscal 1982, fiscal 1983, and fiscal 1984 TRIO funds, approximately 10% of previously funded projects were discontinued each year. Such rates of turnover would most probably continue under the language included in HR 5240.

H.R. 5240: RECOMMENDATIONS REGARDING THE NATIONAL CENTER FOR POSTSECONDARY EDUCATIONAL OPPORTUNITY

The NCEOA supports the inclusion of the Subpart on the National Center for Postsecondary Educational Opportunity as drafted. The lack of understandable, timely, appropriate information about college options and financing makes the role of even the most conscientious parent, teacher or counselor difficult. This lack of information and its negative consequences has been a principal focus of the work of the National Student Aid Coalition. If adequacy of information about student assistance is a problem for the middle income parent, and teachers and counselers whose students are primarily drawn from middle income families, to the low-income

parent or the counselor in the inner city high school, this lack of information oftentimes becomes insurmountable.

The lack of adequate information about college admission and financing is not a problem to which there seem to be immediate, simple solutions available. A range of partial solutions; however, suggest itself. What if a mass media campaign of the quality of the armed services recruitment advertisements were conducted to promote college attendance and postsecondary opportunity? What if every state department of public instruction sent each parent of each eighth grade student a simple listing of courses children should take to prepare for college? What if every student could sit down at a computer in his/her school and determine the cost of attendance for any postsecondary institution in the state, the financial aid he or she would most probably be awarded at each institution of choice, and his or her probability of graduating from that college?

Some of these approaches may be workable, some may not be workable. At presenty, however, there is no way to know. No single entity is responsible for examining issues relating to information and access, assuring the dissemination of information necessary to assure access, and promoting utilization of new methods for extending opportunity. For this reason, the NCEOA strongly supports the creation of the National Center for Postsecondary Educational Opportunity.

H.R. 5240: PROVISIONS WITH RESPECT TO EDUCATIONAL OPPORTUNITY CENTERS AND TO TALENT SEARCH

I do not mean to suggest that the solution to the problem of underrepresentation of low-income, first generation and minority students in college will be readily solved when more information is available. Certainly, if there is insufficent financing of student aid, no amount of information will assure access. The two former students mentioned earlier in the testimony would, I am sure agree, that personal intervention is also a key variable in affecting change in the lives of the disadvantaged. Information alone is not enough. What enabled Mr. Glenn and Mr. Mestas to lead significantly different lives than their brothers and sisters was the intervention of concerned and knowledgeable adult—in this case TRIO staff—in their lives. Talent Search and Educational Opportunity Centers allow that type of personal intervention. Over 80% of Talent Search and EOC funds go to fund staff, who are most often directly involved in the college counseling process.

HR 5240, in reducing the matching requirement for Educational Opportunity Centers, brings additional consistency to the subpart. No TRIO program except EOC now requires matching funds. Given the technological changes in the workplace which increase the need for worker retraining, this step to encourage more institutions to operate EOC's should result in providing increased information services for adults.

H.R. 5240: PROVISIONS WITH RESPECT TO SPECIAL SERVICES AND UPWARD BOUND

In that the focus of this panel is information regarding the student financial aid programs, I will limit my remark regarding the two TRIO programs whose focus is academic preparation and college retention—Upward Bound and Special Services. I find it necessary; however, at this time to underscore the Council's strong opposition to the addition of Section 474(d)(2) to the Special Services authorization. The addition reads as follows:

"(2) In approving application from funds available for such projects in excess of the amount available for such projects for fiscal year 1985, the Secretary shall give priority to institutions whose applications demonstrate a significant minority enrollment and a disproportionately high drop-out rate."

The National Council of Educational Opportunity Associations opposes this change in the Special Services authorization because: (1) it would serve to further deny low-income, minority, first-generation and physically handicapped students choice regarding institution of attendance; (2) it rewards institutional failure in meeting student need; (3) it changes the focus of one of the four TRIO programs from student assistance to institutional assistance; and (4) it proposes a radical change in the Subpart without corresponding evidence of the problem it seeks to address. Let me briefly discuss each of these concerns.

1. Equal choice

It has been the consistent stance of the National Council of Educational Opportunity Associations and its predecessor group, the National Coordinating Council of Educational Opportunity Associations, that an important national goal related to advancing equal educational opportunity is encouraging a more adequate represent-

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ative of low-income, minority, first-generation and physically handicapped students in all categories of institutions. On a number of occasions, in testimony before various committees of the Congress, we have specifically mentioned the underrepresentation of low-income and minority students in traditonal four year colleges and universities and their relative overrepresentation in two-year institutions as indicative of problems which presently exist with respect to educational opportunity. Inclusion of this language would serve to further encourage low-income, minority, and other first-generation students needed supportive services to attend categories of institutions where the groups from which they are drawn are overrepresented, and discourage them from attending colleges where persons from their backgrounds are underrepresented.

2. Rewarding failure

Perhaps the most obvious problem with language is that it provide funds for supportive services to institutions which, by demonstrating their high dropout rates, prove they are not meeting student need. At the same time, the language denies funds to institutions which, either through their own resources, or while through using a combination of their own and federal funds, have been successful in reducing attrition. It is indeed troubling for me to come here from Oberlin—an institution which has admitted and served minority students for 150 years, longer than any other post-secondary institution in the United States—to be told that because Oberlin has consistently enrolled and graduated the students it admits, majority and minority alike, it should have less priority for Special Services funds than an institution which consistently admits students and fails to allow them to graduate.

3. Change in focus

The principal purpose of all of the Title IV programs is not to aid colleges and universities; it is to aid students. The tutoring, counseling and remedial instruction provided by Special Services projects is necessary to students' success in college. Disadvantaged students in majority and minority institutions need support; students in four-year and two-year schools need support. There are appropriate places in this legislation to provide assistance to particular categories of institutions. To use the TRIO subpart to provide institutional aid and at the same time deny services to some students who have need of them because they chose to attend another category of school subverts the purpose of the TRIO subpart.

4. Lack of evidence of a problem

The inclusion of this language is particularly troubling because at present there is no evidence that the particular problem which it apparently seeks to address does in fact exist. Black colleges, for example, are not underrepresented among Special Services grant recipients. Forty-four (44) of the 61 historically black undergraduate colleges sponsor Special Services projects. Junior and community colleges are not underrepresented among Special Service host institutions. Nearly 200 of the 640 presently funded Special Services projects are located in junior and community colleges. Further, there is no evidence that an institution seriously desirous of Special Services funding, but not presently funded, cannot compete and receive a Special Services grant. Of the approximately 160 institutions which applied for Special Services funding in fiscal 1984, and which did not receive funding in fiscal 1983, 60 will be funded. Even in times of severe financial constraint, such as the present, new Special Services proposals have almost a 40% chance of being funded.

Finally, let me conclude by noting the NCEOA has not, in this testimony, addressed certain information-related topics such as the student aid awards process. The NCEOA has participated in the deliberations of the National Student Aid Coalition and works closely with the National Association of Student Financial Aid Administrators on issues affecting low-income students. We support the recommendation being made to the Subcommittee by the Coalition and by NASFAA.

Thank you for this opportunity to testify on behalf of the counselors, teachers and administrators represented by the National Council of Educational Opportunity Associations.

Mr. BLAKEY. Dr. Herr.

STATEMENT OF EDWIN L. HERR, PRESIDENT, AMERICAN COUNCIL ON CAREER DEVELOPMENT

Mr. HERR. Thank you.

My name is Edwin L. Herr. I am president of the American Association for Counseling and Development, formerly the American Personnel and Guidance Association, which represents more than 42,000 professional counselors, counselor educators, college student personnel, financial aid specialists and related human development specialists. I am also head of the Division of Counseling and Educational Psychology at the Pennsylvania State University.

I feel it is a privilege to be here this afternoon to share with you the very perceptive insights of the panelists throughout the afternoon.

AACD and the American College Personnel Association, our national division concerned with college student development, have long supported the development and delivery of comprehensive student services designed to meet the needs of the young adults preparing for and engaged in, postsecondary education.

The professional counseling and student development specialists that I represent believe that the Federal role in student assistance in higher education is crucial to the maintenance of higher education opportunities for all qualified current and potential postsecondary students, and we therefore support the continuation of a significant Federal investment in student assistance, an investment which we believe benefits both individual students and the entire Nation.

With respect to access to student aid, H.R. 5240, Chairman Simon's proposal for reauthorization of the Higher Education Act of 1965, includes several legislative mechanisms designed to approach the second goal of providing easy and timely access to the student aid funds which can meet a student's demonstrated need. These mechanisms are intended to prevent delays in the student aid delivery process, to prevent the charging of excessive fees to needy students and to simplify the student aid program structure.

First, AACD applauds the effort to prevent delays in student aid delivery, through including in the legislation both a master calendar for student aid delivery and the Pell grant family contribution schedule. We are concerned, however, about the inclusion of both the elements of the needs analysis for the guaranteed student loan and campus-based programs, and the authority of the Secretary of the Department of Education to set a family contribution schedule for these other programs; these two inclusions could create new and unnecessary inflexibility, delays, and restrictiveness in the system of needs analysis for these programs.

Second, we support the elimination of student aid application fees and the GSL origination fee, since both of these fees created barriers between students and the financial aid dollars they needed. We also appreciate the effort to restrict the collection of excessive insurance premiums on federally reinsured GSL's, but we fear that this section falls short of taking the requisite steps toward eliminating unnecessary insurance premiums, and we recommend the addition of provisions similar to those suggested in the report by the National Commission on Student Financial Assistance to address this issue.

Third, we must express our reservations about the "simplification" of the student aid program structure through the merging of funds currently appropriated for supplemental educational oppor-

tunity grants, State student incentive grants, and national direct student loans into a single campus-based block grant. Although we understand that beneficial results are intended, we believe that: First, each of these programs serves an important function which may be lost when they are combined into one program; second, we are concerned that reductions in funding may be more easily made on one larger program than on three smaller programs; third, the new block grant, along with the reversion of the auxiliary GSL program back to a parent-only loan program would be yet another blow to the stability of the student aid program system, and stability, though highly desirable, has been sadly lacking in the system over the last 3 years; and fourth, the simplicity sought by many of the partners in the student aid system is simplicity in the student's aid application and in the delivery of aid to the student, not in the Federal program structure itself.

With respect to access to student aid information, AACD supports the provisions in the bill, similar to those in current law, for information to students with regard to their loans and their prospective or current institution's aid packages. We believe that these provisions are important in allowing students to become informed consumers of the student aid programs available to them.

Second, we endorse the concept of authorizing pre-eligibility determinations and training for financial aid administrators, peer counselors, et cetera, as is authorized in current law. However, these authorized activities have never been carried out, and we believe it is not fruitful to reauthorize programs without any modification when those programs have never been funded. We would be happy to work with you to modify these provisions.

H.R. 4250 does include some provisions for student access to information and counseling about opportunities in postsecondary education and beyond—information and counseling on a broader range of issues than just student aid programs. However, AACD urges this subcommittee to consider expanding still further the scope of information and counseling programs in H.R. 5240 to include programs of information and counseling for students at all three transition points related to higher education: From a secondary school to a postsecondary institution; from one postsecondary institution or program to another; and from a postsecondary institution to employment.

Within that context, we, at AACD, are pleased to comment favorably upon the inclusion in the bill of a new national center for postsecondary educational opportunity. This center, proposed jointly by AACD, the National Council of Educational Opportunity Associations, and the National Association of College Admission Counselors, would provide for improved information dissemination and counseling with regard to both postsecondary education opportunities and the financial assistance available to make those opportunities realistic alternatives for even the poorest students.

Second, AACD wholeheartedly supports the expansion of funding for TRIO programs as those information, counseling, and tutoring programs of proven effectiveness have enabled many disadvantaged students to gain access to and persist in postsecondary courses of study.

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Third, **AACD supports** the concept of educational outreach programs for both traditional and nontraditional students, as are included in current law, but these programs have never been funded. We therefore suggest that they be modified to include a new program of small incentive grants to educational institutions and organizations, which provide for the assessment of students' needs for information and counseling, model counseling programs and research to meet those information and counseling needs, training of counseling personnel, evaluation of the effectiveness of model progams, research and personnel training, and dissemination of the results of those efforts.

In addition to what I said, one, AACD supports the inclusion of a new advisory committee on student financial assistance which would, among other activities, recommend to the Secretary of Education student information requirements which would improve access and choice for students eligible for title IV assistance. We suggest that a high school or college counselor could provide additional insight into the information requirements of current and potential postsecondary students.

Two, AACD supports the title V provisions for enhancing excellence in teaching through several programs, including those in part C—institutes and workshops; part D—professional development; and part E—institutional assistance. We believe that educational excellence would be further enhanced by allowing counselors and other student services personnel to improve their skills through participating in the institutes and other programs. These persons are also extremely important parts of the information flow and student options and we believe that the student assistance provisions will assist them.

Three, AACD has a significant international membership, and we therefore endorse the programs in title VI for international education. We share the chairman's view of the importance of intercultural understanding for today's students.

In conclusion, we believe that the student assistance provisions of H.R. 5240, with their greater funding potential, move in the desirable direction of meeting students' needs with regard to ever-increasing college costs. However, there remains a significant unmet need for improved information and counseling services for students to facilitate their decisionmaking processes and to ensure that their decisions broaden, rather than limit, the scope of their opportunities.

The goal of improving those information and counseling services is one which is clearly in accordance with the current quest for excellence in education. As Federal student assistance programs are an investment in the human capital of this Nation, student information and counseling services are an investment in the efficient and effective utilization of student assistance resources.

I thank you for this opportunity to testify before you this afternoon and I would be happy to answer any questions you might have.

[Prepared statement of Edwin L. Herr follows:]

PREPARED STATEMENT OF EDWIN L. HERR, PH.D., PRESIDENT, AMERICAN ASSOCIATION FOR COUNSELING AND DEVELOPMENT, ON BEHALF OF THE AMERICAN ASSOCIATION FOR COUNSELING AND DEVELOPMENT

Mr. Chairman and distinguished members of the Subcommittee on Postsecondary Education of the Committee on Education and Labor, I appreciate the opportunity to testify before you this afternoon in support of the Federal role in higher education, and more specifically, in student assistance and programs of information and counseling for the current and potential postsecondary students of this nation.

My name is Dr. Edwin L. Herr, and I am President of the American Association for Counseling and Development (formerly the American Personnel and Guidance Association), which represents 42,000 professional counselors, counselor educators, college student personnel, financial aid specialists and related human development specialists. I am also Head of the Division of Counseling and Educational Psychology at The Pennsylvania State University. AACD and the American College Personnel Association (ACPA), our national division concerned with college student development, have long supported the development and delivery of comprehensive student services designed to meet the needs of the young adults preparing for and engaged in postsecondary education. The counselors, administrators and other specialists who comprise the admissions, housing, student life, financial aid, career planning and placement, counseling center and other student service programs on the campuses of this nation's two- and four-year colleges and universities are directly responsible for assisting students with educational, career, personal, social and economic decisions that they must make.

Mr. Chairman, the professional counseling and student development specialists that I represent believe that the Federal role in student assistance in higher education is crucial to the maintenance of higher education opportunities for all qualified current and potential postsecondary students, and we therefore support the continuation of a significant Federal investment in student assistance, an investment which benefits both individual students and the entire nation. However, AACD believes that the federal dollars expended on student aid could be utilized in a more effective and efficient manner if the students assisted by those dollars had a more realistic grasp of which educational and career goals might be appropriate for them given their particular interests, abilities and aptitudes.

Therefore, AACD urges this Subcommittee to review H.R. 5240 to strengthen the degree to which the bill provides students with (1) easy and timely access to accurate and understandable information and counseling with regard to opportunities available in higher education and beyond, which would enable students to choose the educational and career paths which best suit their ambitions and abilities, and (2) easy and timely access to the student financial assistance which would enable students to pursue their chosen educational paths.

ACCESS TO STUDENT AID

H.R. 5240, Chairman Simon's proposal for reauthorization of the Higher Education Act of 1965, includes several legislative mechanisms designed to approach the second goal of providing easy and timely access to the student aid funds which can meet a student's demonstrated need. These mechanisms are intended to prevent delays in the student aid delivery process, to prevent the charging of excessive fees to needy students and to simplify the student aid program structure.

First, AACD applauds the effort to prevent delays in student aid delivery, through including in the legislation both a master calendar for student aid delivery [Sec. 483(d)] and the Pell Grant family contribution schedule [Sec. 408]. We are concerned, however, about the inclusion of both the elements of the needs analysis for the Guaranteed Student Loans and campus-based programs [Sec. 482(b)], and the authority of the Secretary of the Department of Education to set a family contribution schedule for these other programs [Sec. 482(a)]; thes two inclusions could create new and unnecessary inflexibility, delays and restrictiveness in the system of needs analysis for these programs.

Second, we support the elimination of student aid application fees [Sec. 482(a)] and the GSL origination fee, since both of these fees created barriers between students and the financial aid dollars they needed. We also appreciate the effort to retrict the collection of excessive insurance premiums on federally-reinsured GSL's [Sec. 442(a)(6)], but we fear that this section falls short of taking the requisite steps toward eliminating unnecessary insurance premiums, and we recommend the addition of provisions similar to those suggested in the report by the National Commission on Student Financial Assistance to address this issue.

Third, we must express our reservations about the "simplification" of the student aid program structure through the merging of funds currently appropriated for Supplemental Educational Opportunity Grants (SEOG), State Student Incentive Grants (SSIG) and National Direct Student Loans (NDSL) into a single campus-based block grant [Part A, Subpart 3]. Although we understand that beneficial results are intended, we believe that: (1) Each of these programs serves an important function which may be lost when they are combined into one program; (2) we are concerned about reductions in funding may be more easily made on one larger program than on three smaller programs; [the Chapter Two block grant in elementary and secondary education amply illustrates both (1) and (2)] (3) the new block grant, along with the reversion of the auxilliary GSL program back to a parent-only loan program [Sec. 451], would be yet another blow to the stability of the student aid program system, and stability, though highly desirable, has been sadly lacking in the system over the last three years; and (4) the simplicity sought by many of the partners in the student aid system is simplicity in the student's aid application and in the delivery of aid to the student, not in the federal program structure itself.

ACCESS TO STUDENT AID INFORMATION

H.R. 5240 includes legislative mechanisms designed to approach one aspect of the first goal mentioned above—providing easy and timely access to accurate and understandable student aid information. (The other aspect of the first goal—that of providing access to other information and counseling about opportunities in postsecondary education and beyond—will be addressed in the next section of my testimony.)

First, AACD supports the provisions in the bill, similar to those in current law, for information to students with regard to their loans [Sec. 435] and their prospective or current institution's aid packages [Sec. 455]. We believe that these provisions are important in allowing students to become informed consumers of the student aid programs available to them.

Second, we endorse the concept of authorizing pre-eligibility determinations [SEC. 483(c)] and training for financial aid administrators, peer counselors, etc. [SEC. 486], as is authorized in current law. However, these authorized activities have never been carried out, and we believe it is not fruitful to reauthorize programs without any modifications when those programs have never been funded. We would be happy to work with you to modify these provisions.

ACCESS TO OTHER INFORMATION AND COUNSELING

H.R. 5240 does include some provisions for student access to information and counseling about opportunities in postsecondary education and beyond—information and counseling on a broader range of issues than just student aid programs. However, AACD urges this Subcommittee to consider expanding still further the scope of information and counseling programs in H.R. 5240, to include programs of information and counseling for students at all three transition points related to higher education: From a secondary school to a postsecondary institution; from one postsecondary institution or program to another; and from a postsecondary institution to employment.

First, we at AACD are pleased to comment favorably upon the inclusion in the bill of a new National Center for Postsecondary Educational Opportunity [SEC. 491]. This Center, proposed jointly by AACD, the National Council of Educational Opportunity Associations (NCEOA), and the National Association of College Admission Counselors (NACAC), would provide for improved information dissemination and counseling with regard to both postsecondary education opportunities and the financial assistance available to make those opportunities realistic alternatives for even the poorest students.

Second, AACD wholeheartedly supports the expansion of funding for TRIO programs [Part C, Subpart 1], as those information, counseling and tutoring programs of proven effectiveness have enabled many disadvantaged students to gain access to and persist in postsecondary courses of study.

Third, AACD supports the concept of Educational Outreach Programs [Title I, Part A] for both traditional and nontraditional students, as are included in current law, but these programs have never been funded. We therefore suggest that they be modified to include a new program of small incentive grants to educational institutions and organizations, which provide for the assessment of students' needs for information and counseling, model counseling programs and research to meet those information and counseling needs, training of counseling personnel, evaluation of the effectiveness of model programs, research and personnel training, and dissemination of the results of those efforts (see Appendix).

It is interesting to note that AACD began an investigation into the higher education-related counseling needs of students with a focus on student information and counseling services, early in secondary school, to promote wider access to postsecondary programs and financial assistance. However, we soon recognized that the need for a Federal program relating to counseling was a need for a program which facilitated the improvement of counseling and student services with regard to all of the interrelated aspects of students' educational and occupational development. We realized that the Federal interest in student information and counseling in preparation for the entrance into higher education was integrally connected with their success in higher education; efforts to provide academic and financial access to postsecondary education are wasted unless the postsecondary education received is in harmony with a student's aspirations and abilities, and is productive in providing an appropriate background for future employment directions, and assistance in obtaining that employment. If students' transition periods (school-to-school and school-to-work) are not well planned, Federal dollars spent on student financial assistance are useless, as students finish no better off than they began.

Some final comments on H.R. 5240: (1) AACD supports the inclusion of a new Advisory Committee on Student Financial Assistance [SEC. 492], which would, among other activities, recommend to the Secretary of Education student information requirements which would improve access and choice for students eligible for Title IV assistance. We suggest that a high school or college counselor could provide additional insight into the information requirements of current and potential postsecondary students. (2) AACD supports the Title V provisions for enhancing excellence in teaching through several programs, including those in Part C—Institutes and Workshops, Part D—Professional Development, and Part E—Institutional Assistance. We believe that educational excellence would be further enhanced by allowing counselors and other student services personnel to improve their skills through participating in the institutes and other programs. (3) AACD has a significant international membership, and we therefore endorse the programs in Title VI for international education. We share the Chairman's view of the importance of intercultural understanding for today's students.

In conclusion, we believe that the student assistance provisions of H.R. 5240, with their greater funding potential, move in the desirable direction of meeting students' needs with regard to ever-increasing college costs. However, there remains a significant unmet need for improved information and counseling services for students, to facilitate their decision-making processes and to ensure that their decisions broaden, rather than limit, the scope of their opportunities. The goal of improving those information and counseling services is one which is clearly in accordance with the current quest for excellence in education. As Federal student assistance programs are an investment in the human capital of this nation, student information and counseling services are an investment in the efficient and effective utilization of student assistance resources.

I thank you for this opportunity to testify before you this afternoon, and I would be happy to answer any questions you might have.

Appendix

Higher Education Student Information and Counseling Program

A. Findings

The Congress finds that—

(1) There is a significant lack of adequate information resources which counselors may utilize in assisting students to make decisions about their higher education and employment future; and

(2) Although many schools and institutions have created effective models for the delivery of information and services to students, there is a need to organize existing models, develop new models, and then disseminate these models for counseling and student services programs, so that a greater number of students may benefit from them.

B. Statement of purpose

It is the purpose of this program to assist secondary schools and postsecondary institutions in providing improved information and counseling services to students (and graduates) in order to facilitate their higher education and employment decision-making process, especially during periods of transition, such as—

(1) From a secondary school to a postsecondary institution;

(2) from one postsecondary institution or program to another; and

(3) from a postsecondary institution to employment, and from one job to another (followup career maintenance assistance).

C. Authorization of appropriations

(1) FY 1986—$15 million; FY 1987—$20 million; FY 1988—$25 million; FY 1989—$20 million; and FY 1990—$15 million.

(2) For each Fiscal Year between October 1, 1985, and September 30, 1990: Authorization in sum of $1 million to support a clearing-house on student information and counseling which would disseminate research findings and counseling models nationwide.

D. Application for funds

(1) Secondary schools, postsecondary institutions, nonprofit education organizations, and any combinations thereof may apply to the Secretary through a competitive grant process for a two-year, non-renewable grant ($25,000 maximum per year).

(2) To ensure access to the program for poorer schools (who need it most): (a) Provide a formula which directs grants (or a portion of them) toward poorer school districts, institutions, and students, and (b) modify the competitive nature of the grant application, since those who need it least are most likely to have the resources to have a professional grant writer to apply for it.

E. Matching requirement

10% match by recipient of grant to ensure commitment to the program.

F. Uses of funds

(1) Recipients of grants under this program shall use the funds for—(a) Assessment of student information and counseling resource improvement needs; (b) development and implementation of exemplary and innovative counseling models; (c) research to gather and analyze new and needed data and information and to compile existing data and information into a useable form; (d) training of counseling personnel; (e) evaluation of the effectiveness of counseling models, research, and personnel training programs; and/or (f) dissemination of successful counseling models, research and personnel training programs.

(2) These counseling models, research and personnel training programs should be designed to improve the following aspects of the information and counseling services available to students (and graduates) during periods of transition—

(a) From a secondary school to a postsecondary institution: (i) courses of study which broaden opportunities, (ii) postsecondary costs, sources of and applications for student financial aid, and indebtedness problems, (iii) postsecondary institution characteristics, and (iv) long-term employment implications;

(b) From one postsecondary institution or program to another: (i) potential majors, (ii) potential graduate and professional education programs, and (iii) employment prospects; and

(c) From a postsecondary institution to employment and from job to job: (i) employment prospects (particularly important information, in this era of rapidly advancing technology), (ii) personal and financial implications of employment decisions and (iii) job-seeking skills.

G. Equity provision

To ensure that counseling works toward eliminating and not perpetuating barriers created by discrimination on the basis of race, sex, handicap, etc.

H. Maintenance of effort provision

To ensure that federal funds supplement and do not supplant existing state and local funds for guidance and counseling.

I. Definition

The higher education and employment decision-making process includes—

(1) Awareness of personal aspirations and abilities,
(2) exploration of alternative options,
(3) decision from among options,
(4) implementation of decision,
(5) orientation towards new endeavor,
(6) maintenance of chosen endeavor, and
(7) planning for progression within chosen endeavor and/or exploration of new options.

J. Coordination with relevant laws

Vocational Education Act, Job Training Partnership Act, etc.

K. Secondary/postsecondary split

Not more than 10% of appropriated funds shall go to secondary schools which have applied for grants under this program (The State Board of Education shall be designated as the secondary school entity eligible to apply for funds under this program and to choose the local recipients.)

Mr. BLAKEY. Thank you very much, Dr. Herr.

Perhaps some limited explanations for the presence of the two of us in the absence of everyone else is in order. I will try to provide that at this time.

Unfortunately, Mr. Simon was asked by the House leadership in Mr. Hawkins' absence to take on the floor debate on the Humphrey-Hawkins portion of the jobs budget resolution today and this is the reason he is not here. He is on the floor, and unfortunately we have three Agriculture Committee members on the subcommittee and they have a markup on the agriculture bill and that is where Mr. Gunderson, Mr. Penny, and Mr. Coleman had to be. Farming is a major concern for them in their districts, in addition to student aid.

Let me say on Mr. Simon's behalf that these statements are extremely detailed and I think well thought out. We certainly appreciate the fact that you all have worked together on certain aspects of this and that many of your comments are well taken, and I will, to the extent that that is possible, communicate to him both your strong opposition and your less strong opposition in some cases to certain parts of what is contained in H.R. 5240.

Both John and I have some questions.

I would like to begin with you, Dr. Haldane. I think it is something I just want to clarify in the context of your testimony. You may choose to elaborate or Dr. Martin may have something to add, as well.

The notion of the $65,000 income cap you regard as unnecessary, in light of the needs test, and you indicate that we would do well to get rid of it. Let me then ask a question. How do you balance that, given the fact that the GSL program is an entitlement, with your statement that you want to refocus the aid on lower income students? Let me say parenthetically for Mr. Simon's purposes, he thinks that that is more important politically than it is in reality.

If you recall for the last 3 years, the administration's budget has gone on and on about this theoretical $100,000 a year family with three kids in Harvard, Wellesley and Smith who are eligible for GSL. That for him represents both a substantive problem if you are from poor, rural southern Illinois as well as a political problem: How in the world can the Federal Government be giving money to somebody with that kind of income?

Dr. HALDANE. We would say that if the needs test is imposed on the GSL, that indeed insures that those funds are going to needy students, and there are needy students at all income levels, depending upon the various other components of the need assessment and coming up with the effective family contributions. In the testimony, we give the example of a New York family, both working at blue collar jobs that may earn $67,000, but they have three chil-

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dren and a private institution is expensive, and those are needy students if indeed we agree with the concept of access and choice to the students and the families.

Mr. BLAKEY. As I understand it, in the current regulation in effect, there is a $75,000 ceiling. Do you think it ought to be gotten rid of?

Dr. HALDANE. That is only a ceiling as to whether or not you use the tables. You may still use it on a need basis, we would not be concerned about doing away with that arbitrary limit because it would still be based on need. We are concerned with how you define need for the program, and address that in the testimony as well as my comments, that the need for credit is different than the need for grant assistance and limited dollars, and so would support a different need test, which is the tables which eliminate assets from consideration.

Mr. BLAKEY. I would say certainly both to you and Dr. Martin, as well as the other witnesses who have already testified, he is certainly interested and willing in reviewing the issue of what kind of elements and the method in which we go about that. I think his only concern is that while he would like to see one formula being used, that is not nearly as important as having those elements locked in so they are not subject to annual manipulation, and, if you will, the Secretary's role becomes more ministerial than policymaking.

Mr. DEAN. Miss Haldane, based on your reading of the institutional block grant provisions in H.R. 5240, do you believe that enactment of these provisions would simplify the packaging and delivery date at campus level?

Dr. HALDANE. Yes, and would indeed give us the flexibility to meet individual student needs without going through a lot of program eligibility requirements and that we would have some latitude to shift funds among the programs, which would simplify it.

Mr. DEAN. Do you believe institutions should be given a greater flexibility in setting the interest rate of NDSL's or do you support the inclusion of strict Federal guidelines in statutory law?

Dr. HALDANE. We have not addressed that, so at this point I don't have an opinion.

Mr. DEAN. Has NASFAA taken a position on the elimination of SSIG in terms of fears of resulting from a reduction in State aid being available to students?

Dr. HALDANE. Yes. That was in my written and verbal comments.

We are concerned that eliminating the SSIG program will eliminate the important matching dollars from States and decrease the overall amount of money available.

Mr. DEAN. So you would support block grant provisions to delete SSIG from the merger?

Dr. HALDANE. We support continuing the SSIG program as it is today.

Mr. DEAN. Mr. Campbell, a question relating to the center on postsecondary opportunity. In the provisions in H.R. 5240, one center would be created. Some concerns have been raised to members that it may be more appropriate to have two or three such centers, to have it spread out so as to better serve people in differ-

ent regions of the country. Could you comment on that, whether you think two or three would do better than one, or why do you prefer one over two or three?

Mr. CAMPBELL. I think, if I understood your question completely, I prefer the latter. My comment is that I believe given the definition that I ascribe to this type of a center, it would serve as the focus, the convening body that would organize the intelligence, the information, perhaps also create the incentive for developing the thinking that organizations and the people that are a part of organizations require in order to carry the message of preparation, admission planning, financial aid procedures, to students at an early age.

I clearly feel that again, based upon the nature of your question, that one center would serve the interests best, but that center would have many arms that would reach to the various parts of the United States and communicate with organizations such as ours and those that are here at the table and help plant within them the motivation and effectiveness that fruition in this case would require.

Mr. DEAN. How would you envision the Secretary choosing such a center? It seems that you could have hundreds of applications for the center. In the legislative draft submitted by your organization, I was at a loss to see how the Secretary would choose one institution over another.

Mr. CAMPBELL. I would hope that the Secretary would be responsive to professional associations of the sort represented here today, who might in their wisdom and experience be able to provide the basis for creating an umbrella agency of this kind. I think that is imperative. I am trying to live with the limits of this testimony and realize that I have 26 years of frustration and experience to try to squeeze into 5 minutes of testimony, and I feel as though those of us who have been engaged in this type of work and the professional organizations we speak for are fully capable of offering council to the Secretary in formation of this policy.

Mr. DEAN. Do you see it appended to or operated by an institution of postsecondary education, or as a nonprofit organization?

Mr. CAMPBELL. A nonprofit organization, absolutely.

Mr. DEAN. Mr. Payne, I won't ask you whether you support the administration's plans for TRIO in the 1985 budget, but I would like to ask a question related to TRIO. The administration is arguing for a reduction in funding on the grounds that talent search and educational opportunity centers are very similar programs, and in many respects are duplicative, and they are suggesting that they be merged in one.

How do you respond to that? Do you disagree that talent search and educational opportunity centers are similar?

Mr. PAYNE. I think that issue was addressed in the 1980 reauthorization and at this point any arguments about duplication of effort have been settled as far as we are concerned. The programs focus on different populations. We feel that, as has been stated here today, the resources of the Federal Government committed to dissemination of information are inadequate, and wholly inadequate, and therefore, rather than reducing or eliminating these programs, we need to be strengthening funding for both education-

al opportunity centers, which are geared at adults, which Mr. Keppel earlier pointed out are a growing part of the education, especially the higher education scene, and increasing funding for talent search, which focuses on youth.

The program that was mentioned earlier in Chicago is an excellent example of a program that focuses on youth in a large city, reaching out toward those students in ways that have few programs in this country do, and moving the students involved in that program out of a difficult low-income ghetto situation into some of the finest institutions in this country.

I think that rather than being concerned about duplication of effort we need to be concerned that the number of black males coming out of situations like Chicago, IL, going into higher education, is lowering, reducing, and we need more ways to bring those students out of poverty into higher education than we have right now.

So I would definitely disagree with the administration's proposal.

Mr. DEAN. Let me ask you a second question on TRIO programs. A member on my side of the aisle was asking me about TRIO the other day and he asked the question, "Is TRIO a remedial program and shouldn't Congress be looking at addressing the underlying problems that result in a necessity for a large and growing TRIO program?"

Would you agree with the characterization that TRIO is a remedial program in the sense that it seeks to address problems that are created by shortcomings in high school counseling and outreach programs by postsecondary education institutions?

Mr. PAYNE. I think TRIO is more. It is an information dissemination program. TRIO programs are developmental in the sense that they work with students where they find them to try to take them where they want to be or where they ought to be, and I think TRIO programs serve a definite role in helping students to understand their options. And that is more than just disseminating information. That is working with students to develop a sense of themselves as well as a sense of who they might be. And so I think they are much more than merely remedial programs.

I think they serve a developmental role in our society, helping people to understand their options, how they can extend those options and how they can become the best person possible.

Mr. DEAN. If I could ask one question of Dr. Herr. You mentioned in your testimony that you proposed including counselors in the institutes in the title V program. What would you envision the counselor getting out of that institute? In other words, what would be the substance of the instruction or information that the counselor would get in the institute?

Mr. HERR. I am not quite sure how to limit that response. I think that the whole range of questions of education relate not in many cases to the student learning, and I think that in many of the situations, particularly with disadvantaged students, but not exclusively, there is an interaction between intellect and emotions and frequently we are concentrating now on only intellect.

I think in these instances teachers and counselors can see themselves as teaming in relationship to educational excellence, each bringing about a different contribution to the final achievement of

the student, but I don't think intellect occurs alone. I think that frequently teachers need to be buffers by the kind of contributions counselors can make and counselors need to be buffers by their understanding more fully the intellectual demands on students, and I see them operating in a collaborative way; not in a separate sense.

Mr. DEAN. One final question, and anybody else on the panel that would like to comment on this question is welcomed to do so.

How can we, through this reauthorization bill, encourage better cooperation between postsecondary institutions and high school counselors both for purposes of making available better information on eligibility and application procedures for student financial aid, and on the opportunity that postsecondary education offers to the students? How can we encourage a better sense of communication between those two sectors than exists now? It seems to me that what exists now is lacking.

Mr. PAYNE. I think it is spotty, but I do think that the new center for postsecondary educational opportunity would go a long way in that respect. I think the kind of incentive grant notion that we propose to involve secondary schools as part of the process would be very helpful. In the broader perspective, my reaction is that we have so frequently in counseling and education and national policy looked at problems, not problems as a whole, but problems in dimensional terms and I think as a result people have looked frequently at college admission, college adjustment, retention of students, in very narrow terms throughout our legislative history and I think we need to help educate through the kinds of centers and provisions in this recommendation a broader perspective on what student progress means in the secondary school, that these are not events, they are processes, transitions at which students have to make decisions and the only way they can do that is to have the mechanism in place to help them understand the options and help them grow in their ability to understand that they can master the options.

We need a shift in terms of how we view the college experience and preparation for it and the set of elements that go into that.

The national center, for example, would be very helpful in that regard.

Mr. CAMPBELL. I agree with everything my colleague shared with you. I think the existence of three sectors which are finally important, and I would hope the legislation would recognize in a counseling way the existence of these three sectors. Assuredly, the middle school can play a key role in preparing the student psychologically and academically for what choices lie in the secondary arena. That being the case, we hope that secondary counselors would find more of an opportunity to direct students toward their future ambitions without correcting sins of omission or whatever that students might have brought with them because of unwise choices.

Mr. DEAN. I would like to apologize again for my members as well as Buddy's. I know a lot of you came from out of town. We will go back and try to summarize for our members as best we can what you said here today.

Mr. BLAKEY. Dean Payne, let me ask you a couple of questions. On the modest expansion in terms of additional authority for the staff development activities in section 475 for the production and

dissemination of manuals, would you foresee that those manuals might also be usable by counselors, and could they either be made available through the national center if the national center exists or directly as another mechanism for reaching more students?

Mr. PAYNE. I think your question just points up one of the ways the national center might help all of us who represent associations who are very often concerned about the same students, who work together to use resources that are provided by the one title in the work going on in another authority, another part of the authority. So, yes, I would think that through the national center the kind of training that is going on within one part of the authority might benefit other parts of the authority.

Mr. BLAKEY. One final question which all of you might respond to.

There is an attempt here to both reach down and reach out to more people. Several of you have mentioned earlier identification or an earlier opportunity to communicate with students about both financial aid information and about college, period; that it is a real opportunity, that you might be able to go. The question is, when do you start that? I know there are two specific references in the TRIO statutes. I think Upward Bound and talent search mention the eighth grade. When do you start, if that is something the committee ought to focus on, ought not to focus on? Is early identification as nomenclature sufficient?

Mr. PAYNE. When we came to the conclusion about the eighth grade, we spent a great deal of time conferring with persons who are working with postsecondary access programs across the country. We settled on that point as a logical point to begin preparing students for the transition into postsecondary education, since our focus is Nostsecondary. Of course, the process of informing people about their options and bringing them to awareness of what steps they ought to be taking probably ought to begin even earlier than that.

I think I was intimating that when I talked about the ways the national center might begin to disseminate information in a grander way, and on a more national scale than we now do. So I think it is an important issue, and we don't mean to say that the issue is settled in the current TRIO legislation.

Mr. CAMPBELL. I think that the provisions that we have discussed, the thoughts that we have shared with you, which argue for a stronger impact at the middle school level, were critical to today's discussion. When we see that in place working effectively, we will be glad to talk to you about what should be done in the elementary schools as well.

Mr. BLAKEY. Dr. Herr.

Mr. HERR. I think my colleagues have articulated so eloquently, there is not much to say except to deal with the implicit thing. The middle school is certainly a critical juncture in terms of transition to the secondary arena and looking at the broader career options one wants to pursue. It is clear that a number of people in elementary school are already turned off. They don't see themselves as having options by which they they can master whatever achievement motives are on TV or wherever, and so they are turned off. There is no question that in terms of the national center concept

that if one looks at the problem whole the problem starts in family, in early childhood, in the elementary school and while the middle school, as Dr. Campbell and Dean Payne suggested, are terribly critical transition points and this legislation would help in that arena.

Obviously the problems we are facing earlier than that in terms of attitudes about self, opportunities and the ability to master those opportunities, sooner or later we have to address those things. Whether this is the vehicle I am not sure, but we have to do it in society.

Ms. HALDANE. I support the indications as to when to prepare students for future goals. It is also important that the availability of financial aid be known at that time so that those students don't limit their career choice or there aspirations at whatever age they start thinking about their careers.

Mr. BLAKEY. Thank you all very much for being here. Again our apologies for the absence of our respective members but thank you for your excellent testimony and taking the time to be with us.

[Whereupon, at 3:30 p.m., the subcommittee was adjourned.]

37-618 O—84——50

HEARINGS ON THE REAUTHORIZATION OF THE HIGHER EDUCATION ACT

THURSDAY, APRIL 5, 1984

HOUSE OF REPRESENTATIVES,
COMMITTEE ON EDUCATION AND LABOR,
SUBCOMMITTEE ON POSTSECONDARY EDUCATION,
Washington, DC.

The subcommittee met, pursuant to call, at 10 a.m., in room 2261, Rayburn House Office Building, Hon. Paul Simon (chairman of the subcommittee) presiding.

Members present: Representatives Simon, Penny, and Gunderson.

Staff present: William Blakey, counsel; and John Dean, Republican assistant counsel.

Mr. SIMON. The subcommittee will come to order. We will start by asking our distinguished colleague from the Virgin Islands, Mr. de Lugo, to be a witness and to introduce his witness.

[Prepared statement of Congressman Ron de Lugo follows:]

PREPARED STATEMENT OF HON. RON DE LUGO, A DELEGATE IN CONGRESS FROM THE TERRITORY OF THE VIRGIN ISLANDS

Mr. Chairman: Thank you for this opportunity to testify regarding H.R. 5240, the Higher Education Amendments of 1984. With me today is Dr. George Condon, Acting President of the College of the Virgin Islands.

First let me say that I appreciate your continued interest in the problems faced by territorial postsecondary institutions, as reflected in Section 15(b) of the Act. The new language reads that,

"Within six months following the enactment of the Higher Education Amendments of 1984, the Secretary shall promulgate regulations in accordance with the recommendations in the report entitled "Postsecondary Education in the U.S. Territories" published in May, 1982, pursuant to subsection (b) of this section, in order to adapt such programs to the needs of Guam, the Virgin Islands, American Samoa, the Trust Territory of the Pacific Islands and the Northern Mariana Islands. Such program modifications may include the consolidation of grants for any single program on a regional or interterritorial basis. Such program modifications shall be established in cooperation with the governments of such territories and shall be governed by a memorandum of understanding between such governments and the Department of Education."

My concern is that this language may not be forceful enough to accomplish the access to higher education programs which the territories have sought, and indeed, which the previous Section 1204 had anticipated.

I call your attention to Secretary Bell's letter to the Speaker dated July 14, 1982 submitted pursuant to Section 1204(b). Much of what the new subsection 1304(a) requires is promised therein. But little has come of it.

This is why my letter to you in November of last year, written in anticipation of H.R. 5240, asked that you re-enact the waiver, and, in doing so, that you *require* the Secretary of Education to waive program criteria which by their nature preclude the territories from taking advantage of higher education programs. While a formula for review of proposals submitted by territorial institutions will be necessary, I

believe the Secretary should not have any discretion regarding use of the waiver once it can be shown that the territorial request is consistent with the intent to aid expressed by the relevant law.

Furthermore, once the waiver is extended to a territorial institution, priority for funding should attach. I add this because the territories may qualify for programs by way of the waiver, but find themselves so low on the list of eligible institutions that they may still receive no benefits.

Finally, I ask that, in extending a waiver to territories through H.R. 5240, you make this waiver applicable to all programs for postsecondary institutions administered by the Department of Education. This would mean, for example, that the requirements of the College Housing Program would be subject to a waiver even though it is not authorized by the Higher Education Act.

The report submitted in response to Section 1204(b) of the Higher Education Act Amendments of 1980 entitled "Postsecondary Education in the U.S. Territories", documents well the role played by territorial institutions and their importance to the development of the possessions. Clearly, the Virgin Islands relies heavily on its college, not only to provide basic educational services, but to respond to the specialized demands of a developing insular possession of the United States which must be creative in its approach to achieving economic stability. We need teachers, economists, accountants, but we also need specialized training in intensive farming, aquaculture, tourism, and so on. This, the College of the Virgin Islands provides.

As a matter of fact, I contend that the College's focus on the areas of importance to developing Caribbean islands has made us a leading institution in the region. It is in this context that I have proposed housing an Eastern Caribbean Center at the College of the Virgin Islands. The Center would draw on the College's programs in assisting students from the islands of the Eastern Caribbean to meet the needs of their struggling countries. This I see as an important adjunct to the Caribbean Basin Initiative which Congress passed last year, one which the College of the Virgin Islands is uniquely equipped to provide. The trade benefits extended by the Caribbean Basin Initiative legislation will mean little for communities not equipped to take advantage of its promise.

Mr. Chairman, Congress and the Executive have, through the years, stated this country's commitment to the economic growth and development of its possessions. Postsecondary institutions in the territories are essential to that goal. Only an institution such as the College of the Virgin Islands can respond to the specialized needs of our region. Furthermore, the College offers the benefit of an education to those who cannot afford expensive travel outside of the territory, and of subject matter relevant to those seeking to respond to demand expressed by the community. And, it helps us to keep Virgin Islanders at home.

The territorial institutions have less resources to draw upon than many mainland institutions. They face the higher costs which attend operating offshore. They cannot afford to be excluded from higher education programs simply because they were not envisioned when the criteria for program qualification were devised.

Congress' intention to help the territories in this matter, as expressed by the Section 1204(a) waiver, has not been taken up by the Department of Education. Less latitude in responding to the needs of the higher education institutions in the territories is, unfortunately, required. I seek your consideration in achieving this end through this reauthorization of the Higher Education Act.

STATEMENT OF HON. RON de LUGO, A DELEGATE IN CONGRESS FROM THE TERRITORY OF THE VIRGIN ISLANDS

Mr. DE LUGO. Thank you, Mr. Chairman. I have a prepared statement I'd like to ask unanimous consent be put in the record. I'll just summarize it here.

Mr. SIMON. We will enter your full statement in the record and let me say in the presence of your constituent here how appreciative we are of his good work in the House of Representatives. He's been a solid, reliable member of the House who has done great work and we appreciate it. I will just say that to you and you can spread the word.

Mr. DE LUGO. Thank you, Mr. Chairman. I'd like to say for the record, Mr. Chairman, that you have been a great help to me while I've been here in the House of Representatives and I've come to

you many times for guidance and for advice, and it's always been extremely helpful to me.

Mr. SIMON. Thank you very much.

Mr. DE LUGO. Thank you for this opportunity, Mr. Chairman, to testify regarding H.R. 5240, the Higher Education Amendments of 1984. With me today is Dr. George Condon, acting president of the College of the Virgin Islands.

First let me say that I appreciate your continued interest in the problems faced by territorial postsecondary institutions, as reflected in section 15(b) of this act. My concern is that the new language may not be forceful enough to accomplish the access to higher education which the U.S. territories have sought and, indeed, which the previous section 1204 had anticipated.

I call your attention to Secretary Bell's letter to the Speaker dated July 14, 1982, submitted pursuant to section 1204 (by). Much of what the new subsection, 1304(a) requires, is promised therein. But little has come of it. This is why my letter to you in November of last year, written in anticipation of H.R. 5240, asked that you reenact the waiver, and in doing so that you require the Secretary of Education to waive program criteria which, by their nature, preclude U.S. territories from taking advantage of higher education programs.

While a review of proposals submitted by territorial institutions will be necessary, I believe the Secretary should not have any discretion regarding the use of the waiver. Furthermore, once the waiver is extended to a territorial institution, priorities for funding should attach. I add this because the territories may qualify for programs by way of the waiver but find themselves so low on the list of eligible institutions that they still receive no benefits.

Finally, I ask that in extending a waiver to the territories to H.R. 5240, you make this waiver applicable to all programs for postsecondary institutions administered by the Department of Education. This would mean, for example, that the requirements of the College Housing Program would be subject to a waiver, even though it is not authorized by the Higher Education Act.

The report submitted in response to Section 1204(b) of the Higher Education Act amendments of 1980 entitled "Postsecondary Education in the United States Territories" documents well the role played by territorial institutions and their importance to the development of the possessions. Clearly, the U.S. Virgin Islands relies heavily on its college, not only to provide basic educational services, but to respond to the specialized demand of a developing insular possession of the United States, which must be creative to its approach to achieving economic stability. We need teachers, economists, accountants. But we also need specialized training in intensive farming, aquaculture, tourism, and so on. This, the College of the Virgin Islands, can provide.

As a matter of fact, I contend that the college's focus on the areas of importance, of developing Caribbean Island nations, has made us a leading institution in the eastern Caribbean, in that region, so important to our Nation.

It is in this context that I have proposed housing and an eastern Caribbean center at the College of the Virgin Islands. The center would draw on the college's programs in assisting students in the

islands of the eastern Caribbean to meet the needs of those struggling countries. This I see as an important adjunct to the Caribbean Basin Initiative which Congress passed last year, one which the College of the Virgin Islands is uniquely equipped to provide, and is providing, I must say, at the present time, providing many of the leaders for these island nations.

The trade benefits extended by the Caribbean Basin Initiative legislation will mean little for communities not equipped to take advantage of its promise. Congress' intention to help the territories in this manner is expressed by the section 1204(a) waiver. It has not been taken up by the Department of Education, unfortunately.

Less latitude in responding to the needs of higher education institutions in these U.S. territories is, unfortunately, required. I seek your consideration, Mr. Chairman, in achieving this end, through this reauthorization of the Higher Education Act. And at this time I would like to yield to the acting president of the College of the Virgin Islands.

Mr. SIMON. Before you yield, let me just suggest that we would be happy to have your staff work with my staff to see what kind of amendments you feel are desirable and see what we can work out so that it can be of assistance.

Let me ask Richard Otto, the president of Catherine College, and Dr. Almodovar, president of the University of Puerto Rico, to join the table, and Jose Mendez, president of the Association of University Presidents of Puerto Rico also join the table, and then we will hear from—and then you can proceed to introduce Dr. Condon here.

Mr. DE LUGO. Thank you very much, Chairman Simon.

[Prepared statement of Dr. George A. Condon follows:]

PREPARED STATEMENT OF DR. GEORGE A. CONDON, ACTING PRESIDENT, COLLEGE OF THE VIRGIN ISLANDS

Mr. Chairman and Members of the Subcommittee: It is an honor to be here today on behalf of the College of the Virgin Islands and its President, Dr. Arthur A. Richards, who has asked me to represent him. This occasion allows me, as a political scientist and student of Congress, to express my own strong faith in this institution and its central role in popular government. That role was never more clear than in the 1960's when I was privileged to be here as an A.P.S.A. Congressional Fellow and later as a legislative assistant. In that decade an aroused national conscience brought about the landmark social legislation of the time, including the Higher Education Act of 1965. That Act and others offered hope that the opportunities theretofore afforded to some Americans would in the future be available to all.

Regrettably, the promise of the Higher Education Act has yet to be realized in the United States Virgin Islands, because of circumstances that apply particularly to us and, with some modifications, to the other territories as well. These conditions have to do largely with our location distant from the U.S. mainland, and in an underdeveloped region of the world. This region, the Caribbean Basin, includes many small islands and countries which, while politically distinct from each other, have strong historical, cultural, and family ties. Let me list a few of our characteristics:

First, within our full-time student body some 25 per cent of our students are not citizens of the United States. They come to us from throughout the English-speaking Caribbean. After completing their studies, during which they become immersed in our stable, democratic institutions, they return home to make contributions to the development of their own countries—clearly in the interest of the United States and the hemisphere.

Second, in the Virgin Islands our per capita income is approximately 60 per cent of that on the mainland; thus, local support for higher education is in fact a short-term sacrifice for the long-term good of the territory.

Third, the cost of living for individuals, as well as for the goods and services the College must purchase, is estimated at from one-third to one-half higher than on the U.S. mainland, and even higher costs are common for specific items.

Fourth, significant additional costs result from the fact that the local infrastructure to support higher education is limited, although developing over time, thanks in no small measure to the impact of the College itself. We must compensate for deficiencies in available local human and technical resources.

Factors such as these come into play at the point that the College of the Virgin Islands seeks to access federal higher education programs. As administered, these programs tend either to exclude our participation or to allow it only in limited ways, given selection criteria and the failure to recognize such circumstances as I have cited. Our objective, in the process of reauthorization of the Higher Education Act of 1965, is to obtain enlargement in scope and impact of what is now Section 1204(a) of Public Law 96-374, in the Education Amendments of 1980, which *authorizes* the Secretary of Education to allow modifications for the territories.

For reasons that are obscure the Department of Education has shown great reluctance to exercise the latitude extended by Congress out of its stated concern for the territories. Thus, with regard to Title III programs for Aid to Developing Institutions, an administratively devised point system related in part to Pell Grant recipients is at odds with the fact that the foreign nationals among our students cannot qualify for Pell Grants. In effect, the College is penalized; only after several months of intensive efforts were we granted a waiver in 1982.

Under the Housing for Educational Institutions program, authorized under Title IV of the Housing Act of 1950 and administered by the Department of Education, we are penalized again: because the number of students we seek to house on campus, although substantial for us, falls below the minimum required housing deficiency; and because we do not have enough students with a one-hour commute to campus—an impossibility on an island whose greatest single dimension is 13 miles. On appeal, the Secretary agreed that geography precluded long distance commuting for us, but he went on to state that it was "administratively prohibitive" to take into account such differences among all applicants.

These and other experiences demonstrate that the present waiver authority vested in the Secretary of Education must be made mandatory for the territories. Also, it must be extended to all programs administered by the Department of Education. Lastly, the law must establish priority status for territorial programs, to provide an offset to point rating systems which are inappropriate to our circumstances.

It is surely time for Congress to take further steps to implement the original commitment of the Higher Education Act of 1965. The reauthorization process provides the opportunity to state in unmistakable language: Access to federal higher education programs is for every jurisdiction where the American flag flies—in the Caribbean, in the Pacific, and in between; in jurisdiction that are small in size, as well as those of great expanse; in states and terriories which because of their geography have substantial numbers of non-citizens, as well as those which do not; and on American soil where the need may indeed by greatest because of unique social, economic, and geographic circumstances.

Finally, I would not wish to leave an impression of disinterest on our part in many other aspects of the reauthorization legislation. In principle, the College endorses a continued federal role in such areas as student financial aid, teacher training, library assistance, international education, academic facilities, the Minority Institutions Science Improvement Program (MISIP), and in the proposed new program for endowment development. The details of our views in these and other areas have been developed in concert with the American Council on Education and other associations with which the College of the Virgin Islands is affiliated. Information from these sources has been and doubtless will continue to be shared with the Subcommittee.

In these remarks, submitted on behalf of the College of the Virgin Islands, I have offered proposals which, when enacted into law, will go a long way toward assuring full participation of the United States Virgin Islands and the other territories in the national quest for broadened higher educational opportunities. It is worth noting that, while the impact of these improvements will be significant for us, it will be slight as a proportion of all federal activity affecting higher education. There is every reason for Congress to embrace these recommendations, thereby making clear beyond any doubt legislative intent with respect to territorial access to higher education programs. Failure to take this action would be tantamount to sanctioning denial to the territories of the full benefits of these programs on a par with the country as a whole. That form of exclusion is as unacceptable in the 1980's as it was a score of years ago when the Higher Education Act was first being debated.

I wish to thank you, Mr. Chairman, your colleagues on the Subcommittee on Postsecondary Education, and Congressman Ron deLugo for the continuing interest and support you have displayed toward the College of the Virgin Islands.

STATEMENT OF DR. GEORGE CONDON, ACTING PRESIDENT, COLLEGE OF THE VIRGIN ISLANDS

Mr. de Lugo. I understand Dr. Condon was a fellow here about 10 years ago.

Dr. Condon. That's true, sir. I have to admit, it was a bit longer than 10 years. I regret that. I served here as a fellow in the House, an APSA congressional fellow in both the House and the Senate. Speaker McCormick and Senator Birch Bayh, incidentally.

Mr. de Lugo. We're glad to have you back with us today.

Dr. Condon. Thank you.

Mr. Simon. We're pleased to have you here, Dr. Condon. And if you may proceed.

Dr. Condon. Thank you, sir.

Mr. Chairman, Congressman de Lugo, members of the subcommittee, first let me acknowledge your kind remarks about our Congressman, in which I fully concur. We very much appreciate his continuing interest in the college and the territory.

It is an honor for me to be here today on behalf of the College of the Virgin Islands and its president, Dr. Arthur A. Richard, who has asked me to represent him. This occasion allows me, as a political scientist, and as a student of Congress, as well as a teacher about Congress, to express my own strong faith in this institution and in its central role in popular government. That role was never more clear than in the 1960's when I was privileged to be here as an American Political Science Association congressional fellow and later as a legislative assistant.

In that decade an aroused national conscience brought about the landmark social legislation of the time, including the Higher Education Act of 1965.

That act and others offered hope that the opportunities theretofore afforded to some Americans would in the future be available to all. Regrettably, the promise of the Higher Education Act has yet to be realized in the U.S. Virgin Islands. Because of circumstances that apply particularly to us, and with some modifications to the other territories as well. These conditions have to do largely with our location, the distance from the U.S. mainland, and in an underdeveloped region of the world.

This region, the Caribbean Basin, includes many small islands and countries which, while politically distinct from each other, have strong historical, cultural, and family ties.

Let me list just a few of our characteristics. First, within our full-time student body at the college, some 25 percent of our students are not citizens of the United States. They come to us from throughout the English speaking Caribbean. After completing their studies, during which they become immersed in our stable and democratic institutions, they return home to their islands and countries in the region, to make contributions to the development of their own countries, clearly in the interest of the United States and the hemisphere as a whole.

The U.S. Virgin Islands have a per capita income of approximately 60 percent of that on the mainland. Thus, local support from our legislature for higher education is, in fact, a short-term sacrifice for the long-term good of the territory.

Third, the cost of living for individuals, as well as for the goods and services the colleges must purchase, is estimated at one-third to one-half higher than on the U.S. mainland, and even higher costs are common for specific items.

Fourth, significant additional costs result from the fact that local support for higher education is limited. Although it is developing over time, thanks in no small measure to the impact of the college itself.

In the meantime, the college must compensate for deficiencies in available local human and technical resources.

I could elaborate on additional factors but I think these four capture the essence of our situation.

Factors such as these come into play at the point that the College of the Virgin Islands seeks to access Federal higher education programs. As administered, these programs tend either to exclude our participation or to allow it only in limited ways, given selection criteria, and the failure to compensate and to recognize such circumstances as those I cited earlier.

Our objective in the process of reauthorization of the Higher Education Act of 1965 is to obtain enlargement in scope and in impact of what is now section 1204(a) of Public Law 96-374 in the Education Amendments of 1980, which authorizes, that word is underscored in my prepared statement, the Secretary of Education to allow modifications for the territories.

For reasons that are obscure to us, the Department of Education has shown great reluctance to exercise the latitude extended by Congress out of its stated concern for the special circumstances of the territories.

Thus, with regard to title III programs for aid to developing institutions, an administratively devised point system related in part to Pell grant recipients is at odds with the fact that the foreign nationals among our students cannot qualify for Pell grants. So, in effect, the college is penalized and only after several months of intensive efforts did we finally achieve a waiver, in 1982.

We are currently seeking a waiver, incidentally, this year, under our new application.

Under the Housing for Educational Institutions Program, another program, and this one authorized under title IV of the Housing Act of 1950, but also administered by the Department of Education, we are penalized again. This time because the number of students seeking housing on campus, although substantial to us—we can only house 249—falls below the minimum required housing deficiency. And because we do not have enough students with a 1-hour commute to campus, a clear impossibility on an island whose greatest single dimension is only 13 miles.

On appeal, the Secretary agreed with our contention that geography precluded long distance commuting for our students. But he went on to state in the letter to the college that it was, quote, "administrative prohibitive," unquote, to take into account such differences among all applicants. Yet I must say that it has been and is

our impression that the intent of Congress, from the beginning, has to take those very kinds of circumstances into account in the application of legislation affecting higher education.

So these and other experiences demonstrate that the present waiver authority vested in the Secretary of Education must be made mandatory for the territories. It must be extended to all programs administered by the Department of Education.

And lastly, the law must establish priority status for territorial programs. As Congressman de Lugo pointed out in his opening remarks, to provide an offset to point winning systems which, even if waivers ultimately are granted, often are inappropriate to our particular circumstances.

It is, Mr. Chairman, surely time for Congress to take further steps to implement the original commitment of the Higher Education Act of 1965. The reauthorization process provides the opportunity to state in unmistakable language access to Federal higher education programs is for every jurisdiction where the American flag flies, in the Caribbean, in the Pacific, and in between, in jurisdictions that are small in size as well as those of great expanse, in States and territories which because of their geography have substantial numbers of noncitizens, as well as those which do not.

And on American soil where the need may, indeed, be greatest because of unique socioeconomic and geographic circumstances.

Finally, I would not wish to leave this morning an impression of disinterest on our part in many other aspects of the reauthorization legislation. Certainly in principle the college endorses a continued Federal role in such areas as student financial aid, teacher training, library assistance, international education, academic facilities, the Minority Institutions Science Improvement Program, MISIP, and in the proposed program for endowment development.

The details of our views in these and other areas have been developed in concert with the American Council on Education and other associations with which the College of the Virgin Islands is affiliated. Information from these sources has been and doubtless will continue to be, shared with the subcommittee and its staff.

In these remarks, submitted on behalf of the College of the Virgin Islands, I have offered proposals which, when enacted into law, will go a long way toward assuring full participation of the U.S. Virgin Islands and the other territories in the national quest for broadened higher educational opportunities.

It is worth noting that while the impact of these improvements will be significant for us in the Virgin Islands, it will be slight as a proportion of all Federal activity affecting higher education. There is every reason for Congress to embrace these recommendations, thereby making clear beyond any doubt legislative intent with respect to territorial access to higher education programs.

Failure to take this action would be tantamount to sanctioning denial to the territories of the full benefits of these programs on a par with the country as a whole. That form of exclusion is certainly as unacceptable in the 1980's as it was a score of years ago when the Higher Education Act was first being debated.

I wish to thank you, Mr. Chairman, and your colleagues on the Subcommittee on Postsecondary Education, and Congressman Ron de Lugo for this continuing interest and support that you have dis-

played throughout the years toward the College of the Virgin Islands.

Mr. SIMON. Thank you very much. We have a quorum call over on the floor of the House right now and I hate to say it but we have to have a 10 minute recess and we will be back to hear the rest of you.

[Brief recess.]

Mr. SIMON. The subcommittee will resume its hearing. We have just heard from Dr. Condon and we will hear next from Dr. Ismael Almodovar. I'll get it yet. I should, after being such a marvelous host to us in Puerto Rico. I should have that name down pat.

[Prepared statement of Dr. Ismael Almodovar follows:]

EXECUTIVE SUMMARY OF THE PREPARED STATEMENT OF ISMAEL ALMODOVAR, PRESIDENT, UNIVERSITY OF PUERTO RICO

Mr. Chairman, members of the Subcommittee, I appreciate this opportunity to appear before you as President of the University of Puerto Rico, to testify on the reauthorization of the Higher Education Act. During these few minutes I will speak on the major areas of concern with respect to this topic, contained in a longer written statement which I am submitting for the official record of this hearing.

One aspect of the existing and proposed system of federal higher education funding that must be discussed is Title III-Institutional Aid. We urge you to exercise great caution in exploring issues related to the reauthorization of programs aimed at developing institutions, especially those related to the use of race specific language in said Title. We believe that facts and rationality should be determining factors in developing strategies for institutional improvements and equalizing opportunities for minority institutions.

A development program for Hispanic-impacted institutions of higher education would provide a legislative response for post-secondary institutions that have historically served, and are seeking to eliminate educational barriers for a significant number of Hispanic students. Consequently, we encourage a Hispanic setaside of at least $10 million under Part A of Title III, retaining the general purposes contained in the present law, as well as expanding allowable activities to include construction, maintenance, and improvements in classroom, library or laboratory facilities; remediation activities; special courses of instruction; and the purchase or lease of scientific equipment and library materials for instructional and research purposes.

Another related provision for Title III should include a precise statutory description of the allowable activities to prevent unclear or subjective judgments which might be prescribed by Departmental memorandum, or be in direct conflict with the intent of the authorizing legislation.

We support proposals that would raise the maximum Pell Grant award to $3,000, rising annually to reflect Consumer Price Index increases, and modification of the half cost limitation to cover up to 75 percent of cost of attendance, as well as provision of an increased allowance for expenses. We favor the extension of a fifth year of Pell Grant eligibility for recipients entering graduate school. Legislative language should include provisions for extending this limit to six years, in areas where five years of study are required, as is the case with our undergraduate programs in engineering and architecture.

We also support a block grant approach for the other existing campus-based programs. Since restrictions and standards placed on the use of block grant funds can have profound ramifications for some institutions, imposition of such restrictions should consider the nature of realistic local problems and constraints that may exist due to the adverse consequences of economic or other conditions.

Let me also suggest another priority. I believe that tuition costs must not continue to spiral for students. Therefore we support the idea of providing incentives to public and private institutions that have maintained the cost of tuition at the same level for a period of three years. We further suggest a system of incentive awards to colleges and universities, based on 5 to 10 percent of the average institutional Pell Grant award to an institution for the last 3 years, payable in an accrued sum at the end of a three year period. The maximum award should in no case exceed 50 percent of additional revenue to be derived from a tuition increase in the three year period.

We laud the purpose of continuing the new Endowment Program. However, for institutions that have a small existing endowment, we would urge that, at least initially, matching funds for an endowment grant be accepted as part of a special state government appropriation, without penalizing colleges and universities that evidence little or no matching funds from private sector sources.

In proposals for reauthorization it is encouraging to note a greater commitment to international education. It is to be hoped that the programs which finally emerge from this legislation also address the need for expanded educational assistance and cooperative interchange with Central American and Caribbean nations. This is particularly important given the thrust of both the Caribbean Basin Initiative and the Human Development Plan in the recent Kissinger Commission report, both of which suggest the need to help build a stronger free economy and stable social environment in these countries.

We would also urge that new statutory language mandate that Puerto Rico be included in any special national studies, programs, or data compilation efforts conducted by the National Institute of Education, the National Center for Education Statistics, or other divisions of the U.S. Department of Education. Only through such efforts will the true condition of total Hispanic participation in federal higher education programs be assessed.

I want to thank you for this opportunity to comment about the future of federal higher education policy. It is part of our mission to use our local resources effectively, but we also recognize the necessity to respond to the growth and improvement opportunities made possible through Congressional action.

PREPARED STATEMENT OF ISMAEL ALMODÓVAR, PRESIDENT, UNIVERSITY OF PUERTO RICO

Mr. Chairman, members of the Subcommittee, I appreciate this opportunity to appear before you in behalf of the University of Puerto Rico, to testify on the reauthorization of the Higher Education Act.

In May, 1983 I presented testimony to this Subcommittee during the Hispanic Higher Education hearings in San Juan, Puerto Rico. During that time we submitted considerable data to document our needs for federal assistance in specific areas related to institutional development, student aid, and academic programs. I believe that the information presented emphasized the acute problems Puerto Rico's higher education community is facing, and thus contributed in part to many of the programs suggested in H.R. 5240. Today therefore, I will limit my comments to various components of this bill, and highlight some related concerns with respect to our local experience in applying for and managing federally-sponsored higher education programs.

Before consideration of the specifics involved in the proposed legislation let me stress that the importance of federal resources to our State system of higher education must not impede the fulfillment of our responsibilities in the preparation of students for productive work and sound citizenship. Nor can federal financing for diversified and innovative programs be allowed to alter the priorities and substance of our local strategic and operational plans. Let me assure you that we are committed to achieving excellence within the context of sound planning and policies in the areas of academic, student, community, and administrative affairs. Thus, sustaining the level of federal support is viewed within our Institution as a means to marshal resources which will complement our planning efforts; maintain a policy of providing choice and access to qualified students, particularly the economically disadvantaged; and add to the quality of our academic offerings and research.

We have and excellent opportunity this year to stand back and examine the programs and strategies which constitute the Higher Education Act, and to think through the purposes which brought them into existence, to ensure that appropriate legislative action is taken in response to the expiration of the current authorization.

After carefully reviewing the existing law, H.R. 5240, and concept papers on some proposed changes, we would like to present comments to you about the future direction of specific major components in federal support for higher education.

One aspect of the existing and proposed system of federal higher education funding that must be discussed is Title III-Institutional Aid. We urge you to exercise great caution in exploring issues related to the reauthorization of programs aimed at developing institutions, especially those related to the use of race specific language in said Title. We believe facts and rationality should be determining factors in developing strategies for institutional improvements and equalizing opportunities for minority institutions.

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The findings from a forum of educational organization leaders held in Washington, DC, during the summer of 1983 have been published in a recent report released in March ("Demographic Imperatives: Implications for Educational Policy"), and are in important indication of possible future minority underrepresentation in a high technology workforce. The date indicates the importance of development programs like Title III to the University of Puerto Rico's institutional units, in assuring that our campuses provide an educational environment and course content wholly in harmony with the growth of the Hispanic population. In this respect, provision must be made for the education of our Hispanic students, which has a direct relationship to the future social and economic security of the nation. In Puerto Rico we also recognize that higher education will enable migrating Puerto Ricans to find productive work on the mainland, and we must bear in mind the realities of the marketplace both here and abroad. It is for this reason that we have launched a major initiative during this academic year to explore areas where academic improvement is warranted through a systems approach to student tracking. This will furnish considerable data on student outcomes to provide the basis for future policy-making, and likewise enable us to further justify and prioritize our need for federally-funded developmental assistance.

A development program for Hispanic-impacted institutions of higher education would provide a legislative response for postsecondary institutions that have historically served, and are seeking to eliminate educational barriers for a significant number of Hispanic students. We accept the reality and obligations of our high youth unemployment rate, and the underrepresentation of Puerto Rican residents, and other mainland Hispanics, in major areas of research and employment fields. For this reason, Title III provides extra assistance which will strengthen and not further dilute our instructional offerings, and enable us to initiate important developmental efforts in institutional management, curriculum development, and planning functions.

In striving to improve the quality of higher education offerings, Congress and the Administration properly funded and supported initiatives for Historically Black Colleges. Few will argue that these steps provide important assistance to this segment of our higher education community. Nevertheless, we must maintain coherence among the varied minority initiatives, and thus, we encourage a Hispanic setaside of at least $10 million under Part A of Title III, retaining the general purposes contained in the present law, as well as expanding allowable activities to include construction, maintenance and improvement in classroom, library or laboratory facilities; remediation activities; special courses of instruction in areas where Hispanics are underrepresented; and the purchase or lease of scientific equipment and library materials for instructional and research purposes. The need to use monies for these aforementioned purposes was clearly documented during the Hispanic hearings in San Juan, Puerto Rico, less than a year ago.

Another related provision for Part A of Title III, the Hispanic setaside, should include a precise statutory description of the allowable activities. This would prevent unclear or subjective judgements which might be prescribed by Departmental memorandum, and be in direct conflict with the intent of the authorizing legislation, as well as create burdensome paperwork or confusion at the local level.

One final component of a new Title III A which most certainly would provide an affirmative response to increasing the number of Hispanics entering health-related professions, would entail revision of the term "eligible institution" to include schools of medicine, dentistry or other allied-health professions. It should be recognized that our Medical Sciences Campus is not currently eligible to apply for these resources, despite the fact that this institution impacts strongly on the health needs of our population, and substantially broadens available health and medical education opportunities in Puerto Rico.

In the area of federal financial aid to students, national policy must be built around recognizing that without such assistance, many capable minority students could not get adequate funds to afford college tuition payments, and other support to sustain them while pursuing their academic degree. Such assistance should seek to increase the cost of attendance allowance and reflect rising costs due to inflationary pressures. In this sense, we support proposals that would raise the maximum Pell Grant award to $3,000, rising annually to reflect Consumer Price Index increases, and modification of the half cost limitation to cover up to 75 percent of cost of attendance; as well as provision of an increased allowance for expenses. Our Central Office of Student Financial Assistance has estimated that this would provide reasonable funding for tuition and related expenses for undergraduate Pell Grant recipients, since, as I demonstrated in my testimony of May, 1983, the truly needy

student would have a sound financial aid package for mitigating problems attributable to insufficient economic support.

A related area of importance is the extension of a fifth year of Pell Grant eligibility for recipients entering graduate school. While this is important, legislative language should include provisions for extending this limit to six years, in areas where five years of study are required, as is the case with our undergraduate programs in engineering and architecture.

Let me also suggest another priority. I believe that tuition costs must not continue to spiral for students. Therefore we support the idea of providing incentives to public and private institutions that have maintained the cost of tuition at the same level for a period of three years. We further suggest a system of incentive awards to colleges and universities based on 5 to 10 percent of the average institutional Pell Grant award to an institution for the last 3 years, payable in an accrued sum at the end of a three year period. The maximum award should in no case exceed 50 percent of additional revenue to be derived from a tuition increase in the three year period.

From our vantage point, a proposal to provide institutional allotments for the College-Work Study Program in lieu of a state allotment formula would also be sound in terms simplifying the awards process and assuring that the actual number of needy students at an institution are served regardless of state population shifts.

We also favor a block grant approach for the other existing campus-based programs, including the provision that it is the university-based financial aid staff which is in the best position to determine the potential recipients and size of awards. In addition, block grants would facilitate preparation of loan packages, utilizing both federal and local resources, which would meaningfully and effectively direct these funds to a maximum number of students. Since restrictions and standards placed on the use of block grant funds can have profound ramifications for some institutions, imposition of such restrictions should consider the nature of realistic problems and constraints that may exist regarding default rates, or the ability to meet matching requirements for loans due to the adverse consequences of economic conditions.

In furtherance of the goal to provide access for students, we are in favor of increasing Guaranteed Student Loan limits, establishing consolidation mechanisms, and flexible repayment periods. This is particularly important in Puerto Rico where payback levels may impact on a student's later earnings. According to information obtained from the Puerto Rico Planning Board, the preliminary 1983 figures show a per capita income of $3,900 and lower salaries in comparison with the mainland.

Another useful option for student loan and grant mechanisms would include statutory language requiring consistency in family contribution schedules for the Pell Grant, GSL, or other applicable aid programs.

A simplification of the current system into a grant, work, loan, and block grant program would provide greater flexibility and clarity for our institutional units and students.

In our search for appropriate methodology to address higher education legislation, the impact of modern information technology on our university and college libraries must also be considered.

New data base services, technologically-assisted inter-library exchange systems, and computer-assisted research tools are expensive, and yet vital for maintaining educational excellence and attracting qualified students and faculty. Even large and academically elite institutions are feeling economic strains in light of the information and technology explosion.

Sharing library resources and plans for collaborative programs are on-going concerns within our State system. Nonetheless, sophisticated electronic inter-library exchange systems for data sharing, including updated library loan computer files, should not be required as evidence or performance factors for determining the need or size of a library resources grant award. Such criteria would be exclusive and inhibit awards, particularly as relates to our two-year community colleges, that are very much in developmental phases and do not have sufficient resources at the present time to implement other than telephone and mail inter-library sharing programs. To make these factors evidence of satisfactory commitment for receiving an award would be a step backward in assisting smaller, less developed institutions.

It makes good sense for Congress to create a needs-based system of awards for the current library programs, but the aforementioned indicators of local initiative would create a problem if used to rate pre-award institutional performance.

Modifications of the present law intended to revise the Special Programs for Disadvantaged Students (TRIO) should address the need to ensure sufficient funds to carry-out the purposes of the current grants and contracts by raising authorization

levels. The continuing efforts to decimate this program clearly do not show a commitment to equalize educational opportunities for minorities.

I would like to interject here that Congress should reexamine Section 417D.(d), requiring institutional assurances that each student enrolled in a Special Service Project "will receive sufficient financial assistance to meet the student's full financial need". It is extremely difficult for institutions to comply with such pledges, considering the uncertain nature of both federal and local appropriations for student assistance. Although we target logical support to students facing disadvantageous circumstances, we cannot assume that total federal and local support will be available in future academic years for these individuals to finance a college education.

We laud the purpose of establishing a new Endowment Program in the reauthorization law. Appropriately, this initiative will focus on promoting self-sufficiency by substantially expanding the financial resources of an institution. However, for institutions that have a small existing endowment, we would urge that, at least initially, matching funds for an endowment grant be accepted as part of a special state government appropriation, without penalizing colleges and universities that evidence little or no matching funds from private sector sources. This factor is contained in the current law, and will seriously affect the ability of Puerto Rican institutions to compete for these grants.

In proposals for reauthorization it is encouraging to note a greater commitment to international education. It is to be hoped that the programs which finally emerge from this legislation also address the need for expanded educational assistance and cooperative interchange with Central American and Caribbean nations. At the University of Puerto Rico we are increasingly aware of the role we can play in addressing existing educational barriers facing these countries, particularly given our social, cultural, and language compatability. Although most faculty exchange and scholarship opportunities currently available in the United States to students and faculty from Central America and the Caribbean are currently administered by the U.S. Information Agency or the Agency for International Development, we would encourage greater inter-agency coordination and linkages at the federal level to ensure comprehensive policy development in this area. We also suggest increased information flow regarding available federal education resources to the academic community in Central America and the Caribbean.

Specifically we would recommend a national advisory body focusing on educational initiatives for the Caribbean and Central America, given the thrust of both the Caribbean Basin Initiative and the Kissinger Commission's Report for a human development plan, both of which suggest the need to help build a stronger free economy and stable social environment in these countries. The need for adequate information exchange might best be effected through a Coordinating Office, modelled on the existing National Faculty Exchange Program developed through the Kellogg Foundation.

I have another recommendation that refers to national efforts aimed at educational research and evaluation. In this respect, we would urge that new statutory language mandate that Puerto Rico be included in any special national studies, programs, evaluation, needs assessment, and data compilation efforts conducted by the National Institute of Education, the National Center for Education Statistics, or other divisions of the U.S. Department of Education. Only through such efforts will the true condition of total Hispanic participation at the higher education level be assessed in terms of an adequate federal response to changes in population size, and related social developments for all citizens of this minority group.

And, as a very important footnote I must mention the need for Congress to authorize adequate funding levels for Title VII, Academic Facilities. Such assistance should be directly targeted at geographic areas with high minority populations and institutions where there is a demonstrated need, as is the case in Puerto Rico. We support a Revised Part B which would include matching grants for the purchase of laboratory, research, and other equipment.

At this time I also wish to note and express my gratitude on behalf of the University for the positive response we have received from Capitol Hill on several issues we have raised through our Resident Commissioner during the past year. We have learned by our efforts in communicating with Members of Congress that there is concern for Puerto Rico's higher education needs; but at the same time we must continue to carry our message to you and the rest of the higher education community. And we intend to do that.

As requested by the Subcommittee we have included pertinent enrollment data and information on the number and types of degrees awarded at the University of Puerto Rico during academic year 1982-83. We will be pleased to submit any additional information you may require to assist you in these deliberations.

I want to thank you for this opportunity to comment about the future of federal higher education policy. It is part of our mission to use our local resources effectively, but we also recognize the necessity to respond to the growth and improvement opportunities made possible through Congressional action.

SUPPLEMENTAL DATA FOR THE WRITTEN RECORD

List of tables

TABLE 1.—UNIVERSITY OF PUERTO RICO ENROLLMENT BY INSTITUTIONAL UNIT: 1981–82 THROUGH 1983–84 [1]

Institutional unit	1981–82	1982–83	1983–84
Total UPR	51,159	51,294	53,437
Rio Piedras campus	21,267	19,755	21,009
Mayaguez University campus	9,238	9,289	9,675
Medical sciences campus	2,625	3,203	3,184
Administration of regional colleges	11,567	12,594	12,822
Arecibo	2,821	3,256	3,582
Ponce	1,565	1,654	1,866
Bayamon	3,908	4,444	4,226
Aguadilla	1,160	1,257	1,331
Carolina	1,644	1,476	1,290
La Montana	469	507	527
Cayey University College	3,155	3,319	3,414
Humacao University College	3,307	3,134	3,333

[1] First semester enrollment figures (headcount). Does not include enrollment for summer sessions.

Source: UPR Central Administration, admissions office.

TABLE 2.—UNIVERSITY OF PUERTO RICO ADMISSIONS AND ACTUAL ENROLLMENT BY TYPE OF SECONDARY SCHOOL (1983–84)

	Applicants			Admitted			Enrolled		
	Total	Public	Private	Total	Public	Private	Total	Public	Private
University of Puerto Rico	17,788	13,077	4,711	13,099	9,373	3,726	11,36[illegible]	8,449	2,912
Rio Piedras campus	5,492	3,474	2,018	3,741	2,183	1,558	3,204	2,038	1,166
Mayaguez University campus	3,376	2,046	1,330	2,687	1,608	1,079	2,378	1,520	858
Medical Sciences campus	353	306	47	182	153	29	162	138	24
Cayey University College	1,247	1,066	181	988	835	153	857	740	117
Humacao University College	1,262	1,166	96	856	788	68	813	754	59
Bayamon Technological University College	1,529	1,078	451	1,103	736	367	985	665	320
Arecibo Technological University College	1,552	1,403	149	1,215	1,089	126	1,123	1,018	105
Ponce Technological University College	1,127	925	202	830	674	156	690	566	124
Aguadilla Regional College	679	627	52	553	509	44	440	412	28
Carolina Regional College	858	686	172	694	557	137	509	404	105

TABLE 2.—UNIVERSITY OF PUERTO RICO ADMISSIONS AND ACTUAL ENROLLMENT BY TYPE OF SECONDARY SCHOOL (1983-84)—Continued

	Applicants			Admitted			Enrolled		
	Total	Public	Private	Total	Public	Private	Total	Public	Private
La Montana Regional College [Utuado]	313	300	13	250	241	9	200	194	6

Source: University of Puerto Rico, Central Administration, Office of Planning and Development, Division of Management Information Systems.

TABLE 3.—UNIVERSITY OF PUERTO RICO TOTAL DEGREES AWARDED BY INSTITUTIONAL UNIT AND SEX, ACADEMIC YEAR 1982-83

	Total	Male	Female
University of Puerto Rico	7,728	2,964	4,764
Rio Piedras campus	2,613	924	1,689
Mayaguez University campus	1,225	712	513
Medical Sciences campus	951	239	712
Cayey University College	433	152	281
Humacao University College	413	126	287
Bayamon Technological University College	954	438	516
Arecibo Technological University College	477	123	354
Ponce Technological University College	253	76	177
Aguadilla Regional College	145	57	88
Carolina Regional College	215	94	121
La Montana Regional College [Utuado]	49	23	26

Source: University of Puerto Rico, Central Administration, Office of Planning and Development, Division of Management Information Systems.

TABLE 4.—UNIVERSITY OF PUERTO RICO BACHELORS, MASTERS, DOCTORATES, FIRST PROFESSIONAL DEGREES, DIPLOMAS, AND CERTIFICATES AWARDED, ACADEMIC YEAR 1982-83

[Distribution by selected fields of degree and sex]

Field of degree	Total	Male	Female	Type of degree
Agriculture	151	109	42	MS, BS.
Allied health professions	549	60	489	MS, BS, AD.
Architecture	20	5	15	M. Arch., B. Arch.
Biomedical sciences and public health	74	29	45	MPH. MPHE, MS, MHSA, MHS.
Business administration	1,926	656	1,270	MBA, BBA.
Communications	116	37	79	MA, BA.
Education	801	162	639	M.d., BA, BS.
Engineering	445	399	46	MS, BS.
General studies	59	20	39	BA.
Humanities	302	80	222	PhD, MA, BA.
Law	83	45	38	JD.
Marine sciences	18	14	4	PhD, MA, BA.
Medical sciences	139	81	58	PhD, MD, MS.
Natural sciences	886	366	520	PhD, MS, MA, BS.
Odontology	71	46	25	DMD.
Pharmacy	118	23	95	BS.
Planning	6	2	4	MP.
Social sciences	782	262	520	MPA, MA, MSW, BA.

Source: University of Puerto Rico, Central Administration, Office of Planning and Development, Division of Management Information Systems.

TABLE 5.—UNIVERSITY OF PUERTO RICO PRELIMINARY BUDGET PROJECTIONS FOR CAPITAL IMPROVEMENT PROJECTS FISCAL YEARS 1984-85 THROUGH 1988-89

[In thousands of dollars]

Institutional unit	1984-85		1985-86		1986-87		1987-88		1988-89		Total—1985-89	
	Requested	Approved amount [1]	Requested	Approved amount [1]	Requested	Approved amount [1]	Requested	Approved amount [1]	Requested	Approved amount [1]	Requested	Approved amount [1]
Rio Piedras campus	4.275	1.150	4.575	1.350	2.625	1.200	2.200	1.250	2.000	1.200	15.675	6.150
Mayaguez campus	2.750	2.000	2.650	1.550	3.950	900	2.400	1.000	1.350	1.000	13.100	6.450
Medical Sciences campus	1.677	1.150	475	725	900	700	500	450	800	500	4.352	3.525
Cayey University College	2.175	950	2.200	900	1.800	300	500	600	650	600	7.325	3.350
Humacao University College	1.500	1.500	1.200	1.200	400	400	600	600	600	600	4.300	4.300
Regional college system	11.342	4.690	10.627	9.357	3.715	2.765	2.500	2.500	2.500	2.500	30.684	21.812
Administration of regional colleges	(338)	(25)	(670)	(50)	(50)	(50)	(50)	(50)	(50)	(50)	(1.158)	(225)
Aguadilla Regional College	(769)	(50)	(75)	(75)	(50)	(50)	(50)	(50)	(50)	(50)	(994)	(275)
Arecibo Technological University College	(1.070)	(75)	(267)	(267)	(0)	(0)	(50)	(50)	(50)	(50)	(1.437)	(442)
Bayamón Technological University College	(950)	(450)	(1.400)	(400)	(1.000)	(50)	(500)	(500)	(500)	(500)	(4.350)	(1.900)
Carolina Regional College	(4.050)	(2.500)	(4.000)	(4.500)	(1.500)	(1.500)	(950)	(950)	(950)	(950)	(11.450)	(10.400)
Ponce Technological University College	(165)	(90)	(215)	(65)	(65)	(65)	(50)	(50)	(50)	(50)	(545)	(320)
La Montaña Regional College	(4.000)	(1.500)	(4.000)	(4.000)	(1.050)	(1.050)	(850)	(850)	(850)	(850)	(10.750)	(8.250)
Central Administration and Botanical Garden	850	850	835	335	135	135	100	100	100	100	2.020	1.470
Reserve (contingencies)	360	360	183	183	200	200	100	100	100	100	943	943
Total	24.929	12.600	22.745	15.600	13.725	6.600	8.900	6.600	8.100	6.600	78.399	48.000

[1] Minimum level of support as preliminarily approved by the Council on Higher Education (CHE) and the Central Administration to finance the most pressing needs; actual allocations subject to legislative action and final approval by the CHE.

Source of information: University of Puerto Rico, Central Administration, Office of Planning and Development.

STATEMENT OF ISMAEL ALMODOVAR, PRESIDENT, UNIVERSITY OF PUERTO RICO

Dr. ALMODOVAR. Thank you, Mr. Chairman.

Mr. Chairman, members of the subcommittee, I appreciate this opportunity to appear before you as president of the University of Puerto Rico, a land-grant institution, to testify on the reauthorization of the Higher Education Act. During these few minutes I will speak with respect to this topic and my full remarks are contained in a longer written statement which I am requesting be admitted for the record.

Mr. SIMON. We will include it in the record, as will the full statement of everyone be.

Dr. ALMODOVAR. Thank you.

One aspect of the proposed system of higher education funding that must be discussed is title III. We ask you to exercise great caution in exploring issues related to the authorization of programs in our developing institutions, especially those related to the use of race-specific language. We believe that facts and rationality should be determining factors in developing strategies for institutional improvements and equalizing opportunities for minority institutions.

A development program for Hispanic-impacted institutions of higher education would provide a legislative response for postsecondary institutions that have historically served, and are seeking to eliminate educational barriers for a significant number of Hispanic students. Consequently, we encourage a Hispanic set-aside of at least $10 million under part A of title III, retaining the general purposes contained in the present law, as well as expanding allowable activities to include construction, maintenance, and improvements in classroom, library or laboratory facilities; remediation activities; special courses of instruction; and the purchase of lease or scientific equipment and library materials for instructional and research purposes.

Another related provision for title III should include a precise statutory description of the allowable activities to prevent unclear or subjective judgments which might be prescribed by departmental memorandum, or be in direct conflict with the intent of the authorization.

We support proposals that would raise the maximum Pell grant award to $3,000, rising annually to reflect consumer price index increases, and modification of the half cost limitation to cover up to 75 percent of cost of attendance, as well as provision of an increased allowance for expenses. We favor the extension of a fifth year of Pell grant eligibility for recipients entering graduate school. Legislative language should include provisions for extending this limit to 6 years, in areas where 5 years of study are required, as is the case with our undergraduate programs in engineering and architecture.

We also support a block grant approach to the other existing campus-based programs. Since restrictions and standards placed on the use of block grant funds can have profound ramifications for some institutions, imposition of such restrictions should consider the nature of realistic local problems and constraints that may

exist due to the adverse consequences of economic or other conditions.

Let me also suggest another priority. I believe that tuition costs must not continue to spiral for students in higher education. That's my feeling on cost containment, Mr. Chairman. Therefore, we support the idea of providing incentives to public and private institutions that have maintained the cost of tuition at the same level for a period of 3 years. We further suggest a system of incentive awards to colleges and universities, that has done so, based on 5 to 10 percent of the average institutional Pell grant award to an institution for that 3-year period. It would be payable in an accrued sum at the end of the period. The maximum award should in no case exceed 50 percent of additional revenue that would be derived if a tuition increase had occurred in the 3-year period.

Mr. Chairman, we have made some preliminary calculations and the average award would range from half a million to $4.5 million for very large institutions, assuming a cost of attendance of $7,000, provided that a $1,900 allowance is cut, and in that case it would mean about $75 million to $150 million additional funds required for this important program. This is very important, Mr. Chairman, because if your were to increase the maximum allowance to $3,000 the private sector has indicated they oppose that because some of the students prefer to go to the public institutions or to the lower tuition cost institutions.

On the other hand, it might mean a stimulus for those private institutions to increase their tuition because there is more money available for the students. So, if you would use the incentive grant approach I think it would be very good for all institutions as a whole.

We laud the purpose of continuing the new endowment program. However, for institutions that have a small existing endowment, we would urge that, at least initially, matching funds for an endowment grant be accepted as part of a special State government appropriation, without penalizing colleges and universities that evidence little or no matching funds from the private sector.

In proposals for reauthorization, it is encouraging to note the greater commitment to international education. It is to be hoped that the programs which finally emerge from this legislation also address the need for expanded educational assistance and cooperative interchange with Central America and the Caribbean region. This is particularly important given the thrust of both the Caribbean Basin Initiative and the human development component of the recent Kissinger report, both of which suggest the need to help build a stronger free economy and stable social environment in these countries and this region.

We also urge that the new statutory language mandate that Puerto Rico be included in any special national studies, programs, or data compilation efforts conducted by the National Institute of Education, the National Center for Education Statistics, or other divisions of the U.S. Department of Education. Only through such efforts will there be true conditions of total Hispanic participation in Federal higher education programs for assessment of higher education programs.

In the past, consistently, Puerto Rico is excluded in nearly all studies that relate to studies to State aid to higher education or to the conditions of higher education to States. Since we are not a State, we are not included, and if we are included it's on the basis of available funding to pursue the study. If there are no funds, we will be left out.

I want to thank you for this opportunity to comment about the higher education policy. It is part of our mission to use our local resources effectively, but we also recognize the need to respond to the growth and improvement of opportunities made possible through congressional action.

Mr. Chairman, the higher education community, which I represent, feels that education is a way of life in America and not a luxury any more and should get as much support and attention as other activities like defense, the guns, and the bomb. For a strong America we need to build a strong educational system.

In that respect, Mr. Chairman, our universities attest that Paul Simon is for all in education. Thank you very much.

Mr. SIMON. I thank you very, very much.

Richard Otto, the president of Catherine College.

[Prepared statement of Richard Otto follows:]

PREPARED STATEMENT OF RICHARD OTTO, PRESIDENT, CATHERINE COLLEGE, CHICAGO, IL, REPRESENTING ASSOCIATION OF INDEPENDENT COLLEGES AND SCHOOLS AND ILLINOIS ASSOCIATION OF ACCREDITED COLLEGES AND SCHOOLS

Mr. Chairman. Members of the Subcommittee. Thank you for the opportunity to present our views on H.R. 5240, the Higher Education Act Amendments of 1984, and related reauthorization issues.

I am Richard Otto, President of Catherine College in Chicago, Illinois. Today, I represent: Catherine College and its 700 students in Chicago and 200 students at a branch campus in Burbank, California; Illinois Association of Accredited Colleges and Schools (IAACS) and its 25 member institutions; and Association of Independent Colleges and Schools (AICS) and its 581 institutions and 210 branch campuses throughout the United States.

Reauthorization of the Higher Education Act (HEA) is very important to our member institutions and their students. Federal student financial assistance provided under title IV of the HEA is the critical support necessary for many low income and otherwise disadvantaged students to be trained at the postsecondary level and enter productive jobs and careers. Mr. Chairman, we commend you for your leadership in this area and your willingness to solicit the recommendations and views of educators and administrators throughout the country.

AICS

The Association of Independent Colleges and Schools was founded in 1912 and now has a membership of 581 diverse business schools and colleges and another 210 branch campuses. Our institutions range from business or specialized schools offering training of up to one year in length, to junior and senior colleges offering recognized associate and baccalureate degrees. Approximately 500,000 students are enrolled in these institutions representing a broad range of income and racial backgrounds. Approximately 90% of the AICS accredited institutions are taxpaying business corporations; all of the institutions are non-public. In common with all non-public institutions, they are either entirely or primarily tuition dependent for operating revenues.

IAACS

The Illinois Association of Accredited Colleges and Schools, of which I have been President for the past four years, has 25 member institutions. Not all of these institutions are members of AICS. Some belong to other postsecondary vocationally-oriented associations, such as the National Association of Trade and Technical Schools (NATTS). Enrollment in the IAACS institutions is over 25,000 students.

ERIC

ANALYSIS OF H.R. 5240

Last year you requested from AICS its recommendations for reauthorization of the Higher Education Act. Its recommendations were presented in the form of a position paper on those major issues and concerns which affected AICS institutions and their students. Your bill, H.R. 5240, addresses many of these concerns and we would like to publicly express our appreciation for listening to us.

I will now focus on those provisions which interest us most and identify any where we believe that amendments should be made to the bill. Some of the perspectives provided are as a result of my experience as President of Catherine College, a downtown Chicago institution enrolling over 700 students, three-quarters of whom are minorities.

Pell grant

1. Entitlement and maximum

We applaud your proposal to make the Pell Grant program a true entitlement program. For years legislators and members of the public, even those active in the field of education and specifically student financial assistance, have been under the misimpression that the Pell Grant (previously BEOG) program was an entitlement program. However, it is clear that, based on the appropriations levels of the past several years, the program is subject to severe budgetary constraints and the needs analysis formula used to determined eligibility for students is merely an allocation formula for finite resources.

Your proposal to establish the maximum Pell award at $3000 for program year 1985-86 acknowledges the fact that the maximum over the past ten years has not even remotely stayed in touch with the increases in college costs, due to inflation, which must be paid by the student. For years now, as you so appropriately noted in your remarks in introducing H.R. 5240, students have become more dependent on loans because of the limited amount of grant and work aid available.

We note in passing that the maximum grant of $3000 is the same level proposed by the Department of Education, albeit with a different need analysis and consequently a different recipient group. We hope that the Reagan Administration and the Republican members of this Committee and the Congress will support the $3000 grant level. It is critical for continued access to postsecondary education for those coming from low income families.

2. Award master schedule and family contribution schedule

We support your decision to establish in law the master schedule for distribution of the Pell Grants and the Family Contribution Schedule which would determine the eligibility for a student's Pell Grant. Too often in the past the Family Contribution Schedule has been used as a political football to promote the budgetary and policy objectives of this and previous administrations.

3. Percentage of cost coverage

We support your objective of ensuring that any student in the United States does have the opportunity to pursue a postsecondary education. However, we are concerned that increasing the percentage of cost covered by the Pell Grant from 50% to 75% would (1) upset the current competitive balance between public and private institutions; (2) create incentives for states to reduce their grant aid and/or increase tuition in order to "capture" federal funds; and (3) cost the U.S. Treasury too much. The current "half cost rule" has served as an effective restraint on institutions increasing tuition over the year and has also forced students to pay some part of their tuition, albeit in some cases a very small part, through their own resources or as a result of work. To change the "half cost rule" would have profound negative effects on the system as it now works.

4. Independent student definition

In H.R. 5240, you have tackled a very difficult issue which student aid policymakers have had difficulty resolving over the years. We concur generally with your effort to distinguish between independent and dependent student status based on age and other factors. We also support your decision to give some guidance to institutions and financial aid officers in determining what constitutes an independent source of income sufficient to indicate financial independence during such preceding year.

5. Period of eligibility

Reinstating a specific number of academic years, or the equivalent, for Pell Grant eligibility has drawbacks. Many students who attend our institutions have previous-

ly attended other postsecondary institutions and, therefore, it is very difficult for us to track the number of years remaining on that student's Pell grant eligibility.

In expanding the eligibility for a Pell Grant to the first year of graduate or professional study, the program would still overlook a very important and needy sector of our country—the adult who needs retraining. Currently, the program requirements prevent a student who has a bachelor's degree from receiving another Pell Grant in an undergraduate program. Many individuals with baccalaureate degrees find that job opportunities are non-existent or less than what they expected upon graduation. Therefore, many of these individuals will return to a postsecondary vocational institution where they will receive very specialized training in order to obtain a job. We urge this Committee to specifically allow these students, assuming that they are otherwise eligible and have not exceeded the five academic years provided for in the bill, to receive a Pell Grant even though they have a baccalaureate degree.

Guaranteed Student Loans [GSL]

1. Lender of last resort

The bill provides for a lender of last resort (LLR) in all states participating in the GSL program. We have previously before this Committee advocated such a position and we appreciate your attention to the needs of students, many of whom are enrolled in short-term postsecondary vocational programs, who have been unable to obtain a GSL in the past through no fault of their own. The LLR concept, in conjunction with the increased Pell Grant award proposed in this bill, will go a long way to make a postsecondary education truly available to all interested persons. We urge that in the Committee Report language, and ultimately, the Conference Report language, it is clear that LLRs would not be allowed to add additional restrictions on eligibility for these LLR loans.

2. Loan maximum

In reviewing H.R. 5240, perhaps our greatest disappointment was the fact that the maximum loan for a first year undergraduate student would remain at $2500 and that for all other undergraduate students the maximum loan is only $3000. We feel strongly that, but for the GSLs at a higher level, there still will be many parents and students who will have great difficulty in meeting the cash flow demand of a postsecondary education. The GSL annual loan maximum of $2500 has been in effect for over a decade now and needs to be updated for inflation. Therefore, we urge that the maximum be established for all undergraduate borrowers at $3500 per year.

3. Reduction in special allowance; elimination of origination fee

We support the provision in the bill which would eliminate the origination fee charged to students. However, we are concerned that these changes, in conjunction with the proposed reduction in the special allowance paid to lenders, may have a negative effect on lending, especially to vocational students in short term programs. These two changes, in conjunction with the proposed restrictions on arbitrage and state-by-state bond issuance authority adopted or being considered by the House Ways and Means Committee and the Senate Finance Committee, could have a disasterous effect on the availability of GSL. We hope that hearings held on this bill will accurately predict the response of lenders to your proposals.

4. Copayees

We support the provision in H.R. 5240 which requires that the GSL disbursement be sent to the eligible institution the student attends or plans to attend and made payable to the order of both the student and the institution. This requirement ensures that borrowed funds are not used improperly and that the students are actually attending the institution and progressing satisfactorily in a program.

5. Interest rate

Provisions for a floating interest rate to be paid by the student will more accurately reflect the cost of money for lenders, however you should be concerned about the administrative difficulties this would create for the lenders. Although we do not have the expertise to judge the impact on lending, we still want to voice our concern that this change could have an adverse effect on lending to students attending short term programs in postsecondary vocational institutions.

6. Needs test

Requiring that all students undergo a needs test, even if they come from families with incomes of less than $30,000, will create an additional administrative burden

for students. With few exceptions, the students who attend AICS institutions would demonstrate remaining need and be eligible for the GSL subsidy. Therefore, the additional administrative burden would not be compensated for by any savings to the Federal treasury because the need evidenced was less than $2500 (or $3000) per year.

7. Loan repayment

We support the change which requires repayment to begin nine months after the student ceases pursuit of the course of study; concomitantly, we support the requirement that annual repayments by borrowers be not less than $900. Many students, particularly during bad economic times, have difficulty in finding jobs quickly upon graduation. However, a minimum repayment of $75 per month, in normal circumstances, seems appropriate.

8. Consolidation loans

We are pleased that you have proposed a method to consolidate student loans which, otherwise, would be burdensome to a student in repayment. Many students, particularly in the first few years after graduation, have difficulty repaying multiple loans and, therefore, default on those loans. Authority to consolidate and extend repayment would eliminate many potential defaults. Given the flexibility that is provided to lenders and Sallie Mae in your consolidation loans section, it seems unnecessary to establish a minimum loan principal in order for a student to consolidate his or her loans. If the lender or Sallie Mae determines that for a particular student it would be appropriate, for whatever reason, to consolidate the loans, it would seem that it would be unnecessary by law to prevent such consolidation. Many vocational school students do not have massive amounts of loan debt upon graduation, however, their salary levels may not be sufficiently high enough to easily amortize their loans.

College work-study [CWS]

1. Use of funds

We are very appreciative that you have acknowledged in H.R. 5240 the need to eliminate the one remaining major distinction between students attending nonprofit institutions and those attending taxpaying institutions. Specifically, students attending proprietary institutions will be now able to use their CWS funds for jobs on campus. Students attending proprietary institutions would be able, therefore, to use their funds for many beneficial activities, including activities in the student aid office, the career counseling office, the student activities office, and for tutoring illiterate adults who need basic skills training. As we have noted to you previously, most AICS students are commuter students attending classes at least five hours each day and, therefore, communting to and working in an off-campus job under current law is impractical. Your proposed change also supports the "Final Report of the Commission on the Higher Education of Minorities" which found that working less than half time, particularly at an on-campus job, has a positive efect on academic persistence for minority students. Given the fact that proprietary institutions serve the largest proportion of minority students (54%) of all students receiving financial aid, a change to provide equitable treatment under CWS will undoubtedly have a positive effect on these students.

2. Allocation formula

We also strongly support your change in the allocation formula to allow CWS funds to be distributed to the institutions based on the proportionate receipt of Pell Grant and GSL funds. These two programs are, in our opinion, the best proxies for determining the true aggregate need of students attending postsecondary institutions.

Institutional block grant

1. Programmatic flexibility

The flexibility given an institution in your proposed institutional block grant is excellent, therefore we support this change to make the program less complicated.

2. Allocation formula

As indicated before, we believe that the best proxy for the aggregate need at an institution is the Pell Grant and GSL programs, particularly given the fact that a needs analysis is required for both. We urge you to resist any efforts to include a state or institutional hold harmless in your final bill. It is essential that allocations be made not on historical grounds, but instead based on true need.

3. Loan default substantial progress

We continue to have concerns that it is very difficult for an institution to be held totally responsible for the default rate of its students. Due to the socio-economic background of its student population, often an institution, no matter how great its effort, is unable to reduce significantly its" institutional" default rate. However, we do support your reinstatement of a provision, previously in regulation, which continues an institution in the program if it can show that it is making "substantial progress" in reducing defaults.

4. State student incentive grant [SSIG]

Should H.R. 5240 be amended to separate out the current SSIG program from the institutional block grant, we ask that in developing the allocation formula for the SSIG program, those proprietary school students around the country who are not eligible, because of state constitution or state law, to receive state grant aid, not be included in the formula. Currently, the states which prohibit receipt of state grant aid by proprietary school students have little or no incentive to change that policy because they will continue to receive the same amount of SSIG funds under the current law.

CONCLUSION

The proposals in H.R. 5240 are ambitious ones, but they are essential to the continued vitality of postsecondary education in the United States. Education must continue to be a high priority at the federal, state and local levels. Any diminution of support from any of these levels will seriously undermine the future of the country.

Because the proposals in the bill are ambitious, we recognize that there will be some opposition to the overall costs of the program. However, we urge the members of this Subcommittee and other Members of Congress to look upon these proposals as investments in the future of today's youth and those adults who seek training or retraining in order to enter and progress in a viable career filed. We offer our encouragement and assistance to ensure that the progressive changes you propose in H.R. 5240 are enacted into law.

STATEMENT OF RICHARD OTTO, PRESIDENT, CATHERINE COLLEGE

Mr. OTTO. Thank you, Mr. Chairman and members of the subcommittee. Thank you for the opportunity to present our views on H.R. 5240, the Higher Education Act Amendments of 1984 and related reauthorization issues.

Today I represent Catherine College and its branch campus in Burbank, CA, and also the Illinois Association of Accredited Colleges and Schools, of which I have been the president for the past 4 years, and its 25 member institutions.

I also represent the Association of Independent Colleges and Schools—AICS—and its 581 business schools and 210 branch campuses throughout the United States. We train approximately 500,000 students per year. Approximately 90 percent of our schools are taxpaying corporations which train students to become self-sustaining, taxpaying citizens.

Reauthorization of the Higher Education Act is very important to our member institutions and their students. Federal student financial assistance provided under title IV of the Higher Education Act is the critical support necessary for many low-income and otherwise disadvantaged students to be trained at the postsecondary level and enter productive jobs and careers. Mr. Chairman, we commend you for your leadership in this area and your willingness to solicit the recommendations and views of educators and administrators throughout the country.

ERIC

I will now focus on the provisions which interest us the most, and identify anywhere we believe that perhaps amendments should be made to the bill.

Some of the perspectives provided are as a result of my experience as the president of Catherine College, a secretarial school in downtown Chicago, enrolling approximately 700 students per year, three-quarters of whom are minorities.

THE PELL GRANT PROGRAM, THE ENTITLEMENT AND MAXIMUM AWARD

We applaud your proposal to make the Pell Grant Program a true entitlement program. The program is subject to severe budgetary constraints and the needs analysis formula used to determine eligibility for students is merely an allocation formula for limited resources. Your proposal to establish the maximum Pell grant award at $3,000 for the program year 1985-86 acknowledges the fact that the maximum award over the past 10 years has not even remotely stayed in touch with the increases in college costs due to inflation.

We note in passing that the maximum award of $3,000 is the same level proposed by the Department of Education. We hope that the administration and the Republican Members of Congress will support the $3,000 grant level.

THE PERCENTAGE OF COST COVERAGE

We support the current law. The current half-cost rule has served as an effective restraint on institutions increasing their tuition over the years. The independent student definition in H.R. 5240 is that of a very difficult issue which student aid policymakers have had difficulty resolving over the years.

We concur generally with your effort to distinguish between independent and dependent student status, based on age and other factors. We also support your decision to give some guidance to institutions and financial aid officials in determining what constitutes an independent source of income, sufficient to indicate financial independence during such precedent year.

A PERIOD OF ELIGIBILITY

In expanding the eligibility for a Pell grant to the first year of graduate or professional study, the program would still overlook a very important and needy sector of our community, the adult who needs retraining.

Currently, the program requirements preclude a student who has a bachelor's degree from receiving another Pell grant award in an undergraduate program. Many individuals with baccalaureate degrees find that job opportunities are nonexistent or less than what they expected upon graduation. Therefore, many of these individuals will return to a postsecondary vocational institution where they will receive very specialized training in order to obtain a job.

LOAN REPAYMENT

We support the change which requires repayment to begin 9 months after the student ceases pursuit of the course of study, and

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we support the requirement that annual repayments by a borrower be not less than $900, with a minimum payment of $75 per month. That seems very appropriate to us.

THE GUARANTEED STUDENT LOANS AND THE LENDER OF LAST RESORT

We appreciate your attention to the needs of students, many of whom are enrolled in short-term postsecondary vocational programs, who have been unable to obtain a GSL loan in the past, through no fault of their own. We urge that in the committee report language and ultimately the conference report language, that it is clear that the lender of last resort loans would not be allowed to add additional restrictions on eligibility for lender of last resort loans.

THE LOAN MAXIMUM

The GSL annual loan maximum of $2,500 has been in effect for over a decade now and needs to be updated for inflation. Therefore, we urge that the maximum be established for all undergraduate borrowers at $3,500 per year.

REDUCTION IN THE SPECIAL ALLOWANCE FOR THE ORIGINATION FEE

We support provisions in the bill which would eliminate the origination fee charged to students. However, we are concerned that these charges change this in conjunction with the proposed reduction in special allowance paid to lenders and may have a negative effect on lending, especially to vocational students in short-term programs.

THE CONSOLIDATION OF LOANS

It seems unnecessary to establish a minimum loan principle in order for a student to consolidate his or her loan. If the lender or seller determines for a particular student it would be appropriate, for whatever reason, to consolidate the loans, it would appear that it would be unnecessary by law to prevent such consolidation. Educational school students do not have massive amounts of loan debts upon graduation. However, their salary levels may not be sufficiently high enough to easily amortize their loan.

THE COLLEGE WORK-STUDY PROGRAM

We are very appreciative that you have acknowledged in H.R. 5240 the need to eliminate the one remaining major distinction between students attending nonprofit institutions and those attending taxpaying institutions. Specifically, students attending proprietary institutions will be now able to use their college work-study funds for jobs on campus. Students attending proprietary institutions would be able, therefore, to use their funds for many beneficial activities, including activities in the student aid office, the counseling office, the student activities office, and for tutoring illiterate students who need basic skills training.

Given the fact that proprietary institutions serve the largest proportion of minority students, 54 percent of all students receiving financial aid, a chance to provide equitable treatment under college

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work-study will undoubtedly have a positive effect on these students.

THE ALLOCATION FORMULA

We also strongly support your change in the allocation formula to allow college work-study funds to be distributed to the institutions based on the proportionate receipt of Pell grant and GSL funds.

These two programs are, in our opinion, best proxies for determining the true aggregate need of students attending postsecondary institutions.

The institutional block grant and the flexibility given an institution in your present institutional block grant is excellent. Therefore, we support this change to make the program less complicated.

We are somewhat concerned, however, by the 15-percent institutional contribution to the grant program.

LOAN DEFAULTS

We continue to have concerns that it is very difficult for an institution to be held totally responsible for the default rate of its students. However, we do support your reinstatement of a provision previously in regulation which continues an institution in the program if it can show that it is making substantial progress in reducing defaults.

THE ALLOCATION FORMULA

As indicated before, we believe that the best proxy for the aggregate need at an institution is the Pell grant and the GSL programs, particularly given the fact that a needs analysis is required for both.

STATE STUDENTS INCENTIVE GRANTS

We ask that in developing the allocation formula for the SSIG program those proprietary school students around the country who are not eligible, because of State constitution or State law, to receive State grant aid, not be included in the formula.

In summary, because the proposals in the bill are ambitious, we recognize that there will be some opposition to the overall cost of this program. However, we urge the Members of this subcommittee and other Members of Congress to look upon these proposals as investments in the future of today's youth, and those adults who seek training or retraining in order to enter and progress in a viable career field. We offer our encouragement and assistance to assure that the progressive changes you propose in H.R. 5240 are enacted into law.

Thank you very much.

Mr. SIMON. We thank you, very much. And finally, President Jose Mendez of the Association of University Presidents of Puerto Rico. Good to see you again.

[Prepared statement of Jose Mendez follows:]

PREPARED STATEMENT OF JOSÉ F. MÉNDEZ, PRESIDENT, ASSOCIATION OF UNIVERSITY PRESIDENTS OF PUERTO RICO

Mr. Chairman, I am José F. Méndez, President of the Association of University Presidents of Puerto Rico.

On behalf of the Association, I wish first to thank the Chairman and the Subcommittee for your kind invitation to express our views on the administration's budget proposals for fiscal year 1985 and the reauthorization of the Higher Education Act, which are so critical to postsecondary education in Puerto Rico.

I would like to take this opportunity today, to present what we believe are the overriding issues and concerns in higher education in Puerto Rico and the importance of a continued Federal commitment to further assist in its development. I will focus primarily on the questions of access of Puerto Ricans, as major Hispanic group, to a college education and the impact of Federal student financial assistance programs; the urgent need to improve the quality of higher education on the Island and on our recommendations to the Congress as to strategies for a more effective participation of the Federal Government in advancing postsecondary education for Puerto Ricans.

Much of the Nation is beginning to emerge from a hard-felt recession. In Puerto Rico, however, we are experiencing one of the worst economic crises since the 1950's and this time it is difficult to believe it will be short lived. With unemployment at its highest levels in years and running unabated, and the dramatic trend towards high technology affecting almost every economic sector, the long term investment we make in higher education, more than ever before, will be crucial to our future.

Postsecondary education has expanded enormously over the past several years. In 1974, just ten years ago, there were only 42,314 students enrolled in colleges and universities on the Island. Today, there are over 150,000, with over two thirds attending private institutions. I can safely say here, that we have succeeded in providing access, particularly to the thousands of economically disadvantaged Puerto Rican youths, who less than a decade ago, would have been denied a college education. And this has been as much your success as it has been ours. As is well known to you, the opportunities we have been able to provide are the direct result of the advent of Federal student financial aid programs under Title IV.

Student financial assistance is the most pressing concern in higher education in Puerto Rico. You may be aware of the fact that over 75% of students in colleges and universities on the Island receive Pell grants and other Title IV assistance. Last year alone, the total provided to students under these programs was over one hundred thirty million dollars ($130,000,000). What may not emerge clearly from the statistics, is that the vast majority of these students, especially those in private institutions, are from families with incomes well below the poverty level, and can ill afford, in these hard times, to make even a minimal contribution to their education and future. They rely almost exclusively on their financial aid to study. Moreover, this aid is equally critical to the institutions themselves and particularly to private colleges that virtually depend on tuition to operate. Any changes that would have the effect of reducing assistance to these students, either through statutory adjustments to formulas or lower appropriations, would be devastating. Thousands of students already in our classrooms and many of the hundreds of thousands that will follow, would be added to the list of our unemployed, stifling any hope of economic recovery or sustained growth. If our youth is denied access solely because they cannot pay, we would surely be wasting our most valuable resource for the future and placing at risk the very development of our economy.

The underrepresentation of Hispanics in higher education is well documented. Less than 25% of the small number that graduate from high school enter college and only 7% complete a degree. In 1980, Hispanics made up only 4.3% (389,880) of undergraduates enrolled in colleges and universities nationwide and received only 2.8% (24,240) of all bachelor degrees awarded in the U.S. The key to increasing the participation of Hispanics, to maintain access, is through a continued commitment to increase financial assistance, and to assure it goes to students who need it most. In Puerto Rico, however, the slight increases we have seen in total allocations under these programs over the past five years, has been due to increases in the number of students attending college. Despite the escalating cost of education, the proportion of Federal aid per student has remained virtually unaltered.

We are confident the Congress will study this very important issue carefully in viewing appropriations and the reauthorization, and will make every effort to increase rather than reduce financial aid to our students.

Increased access, however, must have meaning. It must be access to a quality education in facilities, programs, libraries, instructional equipment, research and facili-

ties. We must be able to provide our students with an education that will equip them for a high tech society. In Puerto Rico, we have been fostering access for years and access must continue to be our main concern. But we must now turn our efforts to improving quality.

At most institutions on the Island it has been extremely difficult to keep up. We have been opening our doors and have reached the point where students at institutions in Puerto Rico account for one fourth of all Hispanic students in college. However, expansion has strained our resources heavily and there has been little left to invest in improvement.

We have lacked the resources, particularly at private institutions, to ensure the highest quality faculty, to develop programs to meet student needs and job market trends, to improve our libraries, to participate in research, to acquire needed instructional equipment and to provide adequate facilities. For this, we will be turning again and increasingly to the Federal Government.

Through Federal programs, particularly those under the Higher Education Act, we have made significant progress. However, we have failed to secure an adequate share of Federal resources, due perhaps to a lack of a full understanding of our problems and of the ways to address them.

The increased participation of Puerto Ricans in the sciences, technologies, the humanities, the arts, and other fields, rests to a large extent, on the capacity we can develop to enhance our offerings.

RECOMMENDATIONS

Addressing the major problems of institutions in Puerto Rico requires a comprehensive approach. Much in the same way that Congress has provided Historically Black Institutions with support to increase access and improve programs, I believe that Congress should consider a Hispanic Education Initiative. The proposal included in the Reauthorization Bill for a ten million dollar or fifteen percent set-aside is indeed commendable, and shows a concern and an awareness of the condition of higher education for Hispanics. However, it falls short of what will be needed to increase educational opportunities and to upgrade the quality of the education we provide our students.

We recognize that developing institutions such as those in Puerto Rico, will not have the resources, even with such an initiative, to meet their long term needs. To secure the faculty we require, to develop existing faculty, and to expand and upgrade programs on our own, would take a huge investment. We will need further assistance. One viable way of securing it, is to draw on the resources of developed institutions on the mainland.

At the Ana G. Méndez Educational Foundation, which I preside, we have engaged in highly successful efforts in this direction. Through a consortium with Fordham University, we are currently providing a significant part of our faculty with the opportunity to complete doctoral degrees in Education in Puerto Rico at a fraction of the cost and inconvenience of sending them abroad.

More recently, we have embarked on one of the most far-reaching arrangements by a private institution on the Island. We have just signed an agreement to establish a consortium with Jackson State University, a traditionally black institution, and the Lawrence Berkeley Laboratory in California to develop our Natural and Computer Science programs. Through a comprehensive program of faculty and student exchanges, formal and informal studies for faculty in various fields, curriculum development, collaborative and undergraduate research, systematic capabilities assessments and others, we expect to be in a position to compete favorably with undergraduate institutions on the mainland in a few years. And other arrangements of this kind are in the making.

The draft reauthorization bill calls for promoting consortia under Title III. But again, we believe a much broader approach is needed. Encouraging consortia under a host of development programs could significantly enhance our ability to better serve our students and to enter the mainstream of higher education nationwide.

For years, there has been little Federal assistance in one of the most critical areas of higher education in Puerto Rico. We have expanded enrollments enormously providing the disadvantaged with the opportunity to attend college, but we have been unable to provide them with the equipment and facilities they need. At most all institutions, we have been unable to meet the rising costs of scientific equipment, of computers and many others that are essential to a college education today. We are stuggling to provide the state of the art experiences students will need to succeed when they graduate, but we will lose out if substantial external assistance is not forthcoming.

On the other hand, interest rates and the lack of capital has made it extremely difficult for colleges and universities on the Island to build or remodel such basic facilities as adequate classrooms and laboratories. Projections show that over 200,000 students will attend college in Puerto Rico by the year 2000. This situation is alarming.

We believe that funding must be reinstated for construction grants and low interest loans to institutions that are serving large numbers of disadvantaged students and which, as ours, can show need for these allocations.

The challenges we face in higher education in Puerto Rico are many and complex, and can hardly be addressed completely here. I trust Congress will keep in mind that Federal assistance in the areas we have mentioned and others, is fundamental to our efforts to expand educational opportunities for our youth and to enhance the quality of their education.

Thank you.

STATEMENT OF JOSÉ MÉNDEZ, PRESIDENT, ASSOCIATION OF UNIVERSITY PRESIDENTS OF PUERTO RICO

Mr. MENDEZ. Thank you, Mr. Chairman.

My name is José Méndez, president of the Association of University Presidents of Puerto Rico. On behalf of the association I wish first to thank the chairman and the subcommittee for your kind invitation to express our views on the administration's budget proposals for fiscal year 1985 and the reauthorization of the Higher Education Act, which is so critical to postsecondary education in Puerto Rico.

I would like to present what we believe are the overriding issues and concerns in higher education in Puerto Rico. I will focus primarily on the questions of access of Puerto Ricans to a college education, and the impact of Federal student financial assistance programs, the urgent need to improve the quality of higher education on the island, and our recommendation to the Congress as to ways to get more effective participation of the Federal Government in advancing postsecondary education for Puerto Ricans.

Much of the Nation is beginning to emerge from a hard recession. In Puerto Rico, however, we are experiencing one of our worst economic crises ever. Unemployment is officially estimated at 22 percent. Unofficially, probably it's higher than that.

To resolve our economic problems, we must develop a well educated, highly skilled labor force, capable of participating in the high technology economy of the future. Great strides have been made in this direction. In 1974, there were only 42,000 students enrolled in colleges and universities on the island. Today there are over 150,000 students. This threefold increase is a direct result of the advent of Federal student financial aid programs under title IV.

Last year alone the quota provided to students under this program was over $130 million. The vast majority of these students are from families with incomes well below the poverty level, and relying almost exclusively on Federal aid to study. Moreover, this aid is equally critical to the institutions themselves, particularly private colleges, which depend on tuition to operate. Any changes that would have the effect of reducing assistance to those students, either through statutory adjustment formulas or lower appropriations would be devastating.

If our youth are denied access to higher education solely because they cannot afford it, we will surely be wasting our most valuable

resource for the future, and placing at risk the very development of our economy.

On the representation of Hispanics in higher education, that is well documented. Less than 25 percent of the small number that graduate from high school enter college. And only 7 percent complete a degree. In 1980 Hispanics made up only 4.3 percent, 389,000, of undergraduates enrolled in colleges and universities nationwide, and receive only 2.8 percent, or 24,240 of all bachelor degrees awarded in the United States.

The key to increasing the participation of Hispanics to maintain access is for a continued commitment to increased financial assistance and to assure it goes to students who need it most.

In Puerto Rico, however, the slight increases we have seen in the total allocation under these programs over the past 5 years have been due to increases in the number of students attending college. And despite the escalating cost of education, the per capita amount of Federal aid for students has remained virtually unaltered.

Increased access to higher education must not come at the expense of educational quality. We have lacked the resources, particularly at private institutions, to ensure the highest quality faculty, to develop programs to meet student needs and judge market trends, to improve our libraries, to participate in research, to acquire needed instructional equipment, and to provide adequate facilities. For this we will be turning, again, increasingly, to the Federal Government.

Through Federal programs, particularly those under the Higher Education Act, we have made significant progress. However, we have failed to secure an adequate share of Federal resources, due perhaps to a lack of understanding of our problem and of the way to address it.

Our recommendation: Addressing the major problems of the situation in Puerto Rico requires a comprehensive approach, much in the same way that Congress has provided historically black institutions with support to increase access and improve programs. I believe that Congress should consider an Hispanic education initiative. The proposal included in the reauthorization bill for $10 million, or 15 percent set-aside is, indeed, commendable. However, it falls short of what will be needed to increase educational opportunities and to upgrade the quality of the education we provide to our students.

The draft reauthorization bill also calls for promoting consortia under title III; encouraging consortia under a host of development programs could significantly enhance our ability to better serve our students and to enter the mainstream of higher education nationwide.

At the Ana G. Mendez Educational Foundation we have engaged in highly successful efforts in this direction. Through a consortium with Fordham University, we are currently providing a significant part of our faculty with the opportunity to complete doctoral degrees in education in Puerto Rico at a fraction of the cost and inconvenience of sending them abroad.

More recently, we have initiated one of the most far reaching arrangements by a private institution on the island. We signed an agreement to establish a consortium with Jackson State Universi-

ty, a traditionally black institution, and the Lawrence Berkeley Laboratory in California to develop our natural and computer science programs. Through a comprehensive program of faculty and student exchanges, formal and informal studies for faculty in various fields, curriculum development, collaborative and undergraduate research, and systematic capabilities assessment, we expect to be in a position to compete favorably with undergraduate institutions on the mainland within a few years.

Other arrangements of this kind are in the making.

For years there has been little Federal assistance in one of the most critical areas of our education in Puerto Rico. We have expanded enrollment enormously, providing the disadvantaged with the opportunity to attend college. But we have been unable to provide them with the equipment and facilities they need. At most all institutions, we have been unable to meet the rising cost of scientific equipment, of computers, and many others that are essential to a college education today. We are struggling to provide a state of the art experience to students, so we will see them to succeed when they graduate. But we will lose out if substantial external assistance is not forthcoming.

On the other hand, high interest rates and the lack of capital has made it extremely difficult for colleges and universities on the island to build or remodel such basic facilities as adequate classrooms and laboratories. Projections show that over 200,000 students will attend college in Puerto Rico by the year 2000. We believe that funding must be reinstated for construction grants and low interest loans to institutions that are serving large numbers of disadvantaged students and which, as ours, can show need for this allocation.

The challenges we face in higher education in Puerto Rico are many and complex and can hardly be addressed completely here.

I trust Congress will keep in mind that Federal assistance in the areas we have mentioned and others is fundamental to our efforts to expand educational opportunities for our youth and to enhance the quality of their education.

Thank you very much.

Mr. Simon. Thank you very much. Let me ask the president of the College of the Virgin Islands, Dr. Condon. You mentioned the cost factor. Does that mean that it is more difficult for a student attending the College of the Virgin Islands to get by on Pell grant and GSL than it does a student, say, attending college in Illinois or Minnesota or someplace else?

Dr. Condon. Mr. Chairman, it clearly does. Although the College of the Virgin Islands attempts and does keep its tuition, both for what we would normally call in-State and out-of-State students, as low as possible, nevertheless, the other living costs, transportation costs, books, incidentally, having had the bulk of my own professional experience in mainland institutions, I am amazed at the fact that textbooks—I should interject my wife is a student at the college and I pay the bills. But a typical cost for a semester's supply of textbooks is close to double what one would normally encounter in the bookstore of the typical mainland institution.

So, the whole collection of additional costs, even aside from tuition, room, and board, and the transportation involved for students

who may be from the mainland or other islands, or even from St. Croix 40 miles away, it costs $50 to fly back and forth to St. Croix, adds significantly to the costs our students must bear.

The point I was attempting to make in my remarks, and I think another very much related point, is that for the 2-year period ending this year, the college has received a grant, after finally getting a waiver from the Department of Education, under title III, for $165,000. But that $165,000 in the Virgin Islands goes nowhere near as far as it would in South Carolina, Illinois, Kentucky, California, and so on.

Mr. SIMON. If I may ask the two presidents from Puerto Rico, Dr. Condon mentioned difficulty in getting title III grants. Is this a problem, do you sense, for the Puerto Rican institutions too? Specifically, say, for the University of Puerto Rico, if you have applied? Have you had difficulty in finding yourself eligible?

Dr. ALMODOVAR. Well, the record is clear with title III funds for Hispanic institutions. The average since 1980, the amount of money available to Hispanic institutions never exceeded $8 million out of the total for the program. In 1980 it was $2 million. In 1981 it was $8 million. In 1982 it's about $5 million and now, this year, we have about $4 million. So, definitely the restrictions on what's developmental and what's not developmental and what's Hispanic and what's not Hispanic has really been detrimental and not only to Hispanics but to black institutions. We were getting very little amounts of money. We have had many instances in which our proposals qualify fully for the moneys but there are no moneys. And then we are accepted or we meet the standard for the grant and we are left in the cold because there is not enough money.

We have been hurt, really, in the distribution of funds in this title, sir. That's my feeling.

Mr. SIMON. Dr. Mendez.

Dr. MENDEZ. In the private sector I would say, Mr. Chairman, that most of the institutions in Puerto Rico have been able to get title III funds. Although the grants have been in a lower amount. But most of them have been able to.

But I agree with Dr. Almodovar. The moneys have been less. But more institutions have been covered, with less money.

Mr. SIMON. Mr. Otto, you mentioned the desirability of the lender of last resort. We had a witness from Citibank, I think it was, who said there is no necessity for a lender of last resort. Citibank or other banks will provide the lending capability. How do you respond to that?

Mr. OTTO. Well, having been in this field for 14 years, I must say that there are no guarantees that Citibank or any other lender will continue to provide accessibility to this program, and I think that the Government taking the lead in this could only be a good thing, and I agree that accessibility is very good at this point.

But many students do not have banking relationships with lenders and some of them find it very difficult to obtain a loan. So, I think this would only be a good thing.

Mr. SIMON. Do you have students at Catherine College who have a difficult time getting a loan?

Mr. OTTO. Recently we have not. But we have experienced it in the past, certainly. Of late it has been quite good.

Mr. SIMON. Mr. Gunderson.

Mr. GUNDERSON. Thank you, Mr. Chairman, and thank you all for your testimony. I would like to focus on an area which I have focused on traditionally in our hearings, and that is the nontraditional student. I would guess Mr. Otto could provide more for us in that area.

What percent of the students, would you say, in the AICS system are nontraditional students?

Mr. OTTO. Nontraditional in the sense of what?

Mr. GUNDERSON. Older adult, students either coming back to college or attending for the first time. If I were to give a rough definition of "nontraditional student" it would either be someone who has been out of college for 5 years or is over 25 years of age when they start.

Mr. OTTO. I would say in our institutions that would probably represent 10 or 15 percent of our students.

Mr. GUNDERSON. Ten or fifteen percent?

Mr. OTTO. Right.

Mr. GUNDERSON. Do you see any particular financial problems or obstacles for that type of adult learner in achieving access to college educations?

Mr. OTTO. Access in terms of student loans? Is that what you are suggesting?

Mr. GUNDERSON. Yes. But I'm talking about in terms of access to getting to school. I mean obviously if you have financial obligations you need assistance someplace.

Mr. OTTO. Yes, they do.

Mr. GUNDERSON. Are any of the financial aid programs helpful, not adequate?

Mr. OTTO. I think there was a point made earlier about the Pell grants where students, maybe an older student, has had a baccalaureate degree who has finished college and comes back and says, "Well, I can't really obtain a job," and that there are some restrictions on obtaining a Pell. That might be one problem.

But I think the older we get we don't—it's not so easy to continue our education. And we do find that it is a bit difficult for the older student to return to the world of academia. So, I would say there is a bit of a problem there.

Mr. GUNDERSON. You suggest that we ought to make the Pell grant eligible for this type of adult learner who is coming back to continue undergraduate work.

Mr. OTTO. Yes.

Mr. GUNDERSON. I think you said in an effort to obtain employment.

Mr. OTTO. Yes.

Mr. GUNDERSON. How would you suggest the, quote, "bureaucracy" write the regulations to determine which of those adult students returning is there to study for employment and which ones are there to study for personal enrichment?

Mr. OTTO. Well, in our schools it's pretty well defined because we are training specifically for a career, so I would say the overwhelming majority, 98 percent of our students, would certainly be coming to obtain a career. We train them in the secretarial field. So, a stu-

dent pretty well knows, at admission, what their goals are, I would say.

Mr. GUNDERSON. I must tell you, I think you're overly optimistic about students? From personal experience, I think I changed careers at least three times while I was in college and I don't think I'm all that unique.

One final question and that would be the nonsubsidized loan programs that are being discussed. To what degree do you think that would be used by AICS students?

Mr. OTTO. Very much. We would depend on that quite a bit, I would say.

Mr. GUNDERSON. OK. Thank you, Mr. Chairman.

Mr. SIMON. We thank all of you very, very much for being here and for your testimony. We look forward to working with you as we proceed.

Next is a panel of Rafael Magallan and Albert Gonzales.

Mr. Magallan is the executive director of Hispanic Higher Education Coalition. We are pleased to have you here.

[Prepared statement of Rafael J. Magallan follows:]

PREPARED STATEMENT OF RAFAEL J. MAGALLAN, EXECUTIVE DIRECTOR, HISPANIC HIGHER EDUCATION COALITION, WASHINGTON, DC, APRIL 5, 1984

My name is Rafael J. Magallan and I am Executive Director of the Hispanic Higher Education Coalition. The Hispanic Higher Education Coalition, composed of fourteen national Hispanic organizations, is a membership organization concerned with the postsecondary education needs of our diverse Hispanic communities. The principal goal of the Coalition is to promote the increased participation of Hispanic Americans in higher education. The Coalition recognizes that higher education is key to addressing the issues of discrimination, unemployment, and other problems presently facing our community. The Coalition also recognizes that unless the numbers of Hispanics in postsecondary education is increased, we will not develop the future leaders and professionals to deal with the complex issues facing this, the fasting growing population in the country. Finally, the Coalition recognizes that, while the numbers of Hispanics in higher education must be increased, we must enhance the quality of education our students are receiving so they will be adequately prepared for tomorrow challenges. In short, the human capital and intellectual resources represented by this largely bilingual and bicultural population will remain largely untapped unless concerted policy attention is given to the improvement of educational opportunity for Hispanic students.

Given the above, we are grateful to the Subcommittee and its Chairman for conducting the first-over Congressional investigation of the factors limiting Hispanics' access to higher education. The Committee's inquiry was prompted by research findings showing that Hispanics remain greatly underrepresented in all segments of higher education and that serious barriers remain to full educational participation for this rapidly expanding population. The panel's fact-finding concluded that fewer Hispanics enter or remain in college than their counterparts in other minority groups, that they register lower overall education attainment as a group than either Whites or Blacks, and that college costs are much more important for Hispanics in selecting a college than for White or Black students. This recently concluded series of five hearings has been seen as most valuable in exploring the policy questions involved and in seeking appropriate legislative measures to correct the underparticipation.

Previous testimony to this Subcommittee has presented voluminous statistical data on the Hispanic community and its declining Higher education participation rates. The Coalition was honored to testify at these Hispanic hearings. We note for the record that the testimony presented at the Hispanic Access hearings is relevent in toto to the present legislation and we respectfully request that this body take notice of such previous testimony in regards to H.R. 5240.

We also wish to specifically note the excellent testimony on H.R. 5240 submitted by Congressman Robert Garcia on behalf of the Congressional Hispanic Caucus as well as that delivered by Dr. Jaime Rodriguez, graduate dean at the University of

California-Irvine. The Coalition agrees wholeheartedly with their respective testimony and supports their conclusions and recommendations.

In addition we are pleased to submit a recently concluded "Status Report on Hispanics in Higher Education" prepared by the Coalition as an appendix to our testimony of today.

In preparing our comments, the Coalition has drawn upon the resources of its member organizations as well as from the extended Hispanic education community. The Coalition was pleased to host a national policy symposium on Hispanic postsecondary education this past year at the Wingspread Conference Center, where the principal focus was on the development of policy statements on Hispanic higher education issues. In addition the Coalition has been working extensively with the existent Hispanic education leadership throughout the country in formulating appropriate policy recommendations for the reauthorization measure. A recent example of this is the integral involvement of over ninety key Hispanic college and university administrators on the drafting of specific recommendations to H.R. 5240. We respectfully submit that our comments and recommendations reflect the consensus of those involved in our process.

We would like to note that the theme of equity underscored all of our considerations. The issue of attaining full equity for Hispanics in all educational endeavors is the principal challenge. The question of equity has been both implicit and explicit in the various recent proposals for educational reform, with some individuals suggesting that equity is no longer an appropriate agenda for quality education. We reject this reactionary position and quote the National Commission on Excellence in Education from its "A Nation At Risk" report that "The twin goals of equity and high quality schooling have profound and practical meaning for our economy and society, and we cannot permit one to yield to the other in principle or in practice". We are pleased to see in H.R. 5240 that the Subcommittee has spoken out strongly on this important issue, asserting through the bill's substantive provisions that Congress intends to continue the nation's commitment to full educational opportunity for all its citizens. We respectfully request that the Subcommittee through its legislative and fiscal authority give consideration as to how equity for Hispanic students can become an even more integral element in the design and implementation of federal education efforts.

We welcome the opportunity to testify before this Subcommittee on the reauthorization of the Higher Education Act of 1955 and its specific import to Hispanic Americans. Our careful review of H.R. 5240 discloses much in it that is beneficial to Hispanic students. We wish to address those aspects of the bill which have particular impact on Hispanics and comment specifically on Title I, Title III, Title IV, Title V, and Title IX.

TITLE I, PART A

Under Title I, Part A, Education Outreach Programs, the coalition commends the Subcommittee for continuing these important programs. We encourage the Subcommittee to expand the scope of these programs to address the needs of the limited English proficient adult population.

The LEP population, comprising about 2 percent of the total population according to the 1980 Census (although other estimates are much higher), stands to gain much by continuing education programs targeted to their needs. We therefore urge the subcommittee to include in section 105(a)(3) "limited English Proficiency" among the various disadvantages which may be addressed under this section.

TITLE I, PART B

Under Title I, Part B, the Coalition supports the proposal to fund programs which promote literacy training and other tutoring programs. We suggest, however, that language be included in the legislation or in the legislative history which would target such funds to programs which promote English proficiency. Specifically, we propose the following amendment.

In Section 122, on page 16, after line 19, add:

"The Secretary shall give special consideration to literacy training programs which promote English language proficiency among limited English proficient populations."

TITLE III, PART A

In Title III, "Institutional Aid", we strongly endorse and commend the Subcommittee for the initiation of the reservation for Hispanic institutions. The establish-

ment of a $10 million set-aside (or 15% of Title III–A funds) for institutions having significant enrollments of Hispanics is a positive statement supporting the particular needs of these institutions.

Inasmuch as there are only three institutions on the U.S. mainland which were established with a specific mission to serve Hispanic learners, 99% of all mainland Hispanic students are in colleges and universities that in many cases were not geared to serve them. Establishment of a Hispanic reservation in Title III will greatly enhance the capacity of these institutions to secure resources with which to better prepare themselves to serve their Hispanic students, most who are first generation attendees who can benefit from more advisement and supportive services. The institutional capacity of these schools overall must be strengthened if these schools are to adequately provide Hispanic students with programs of academic excellence.

An additional consideration for Congressional support of a reservation in the targeting of these funds to these institutions is the fact that these institutions have generally been poorly supported because of many years of disparate funding borne while more prestigious, predominantly white, institutions have prospered.

The need for a "set-aside" for Hispanic institutions is well established. Testimony delivered before this Subcommittee in the five days of hearings on Hispanic access to Higher Education is replete with evidence of underrepresentation of Hispanics in postsecondary institutions. Even those institutions located in areas of high Hispanic concentrations "underserve" that group relative to their potential enrollments. The need for greater support for Puerto Rican institutions is particularly acute. Since this fact is well documented by other witnesses who have come before this subcommittee, I will not expand on this subject further.

Mr. Chairman, I reiterate these facts to (1) establish that Hispanics have been underrepresented and, in some cases, denied access to higher education and (2) to establish a rational basis for the use of a "set-aside" to rectify this problem. Increasingly "set-aside" have been the subject of judicial scrutiny pursuant to the guide lines set forth in the United States Supreme Court decision in *Fullilove* v. *Klutznick* and subsequent decisions.

In order to establish the basis for the Reservation for Hispanic Insitutions and to meet the requirements of the *Fullilove* decision, we urge the subcommittee to include specific Congressional findings on the need for the reservation. These findings we suggest can be drawn from the historical pattern and worsening condition of the underrepresentation of Hispanic in postsecondary education. It is an unfortunate but accurate observation that only until recently Hispanic institutions have not fared well in securing Title III funds through the regular awards process.

TITLE III, DEFINITION OF HISPANIC INSTITUTIONS

For purposes of Title III, we recommend under Sec. 312, Definitions, Part 2(c) that an Hispanic Institution be defined more expansively than proposed. The current language in H.R. 5240 defines an Hispanic institution as one having an enrollment of which at least 40 percent are Hispanic. We applaud the move away from a reliance on a simple Hispanic majority criteria. However we must point out that there are only 24 institutions on the U.S. mainland which meet this 40 percent criteria. These 24 schools collectively enroll 77,000 Hispanic students or only 16% of all U.S. mainland college students. Taking into account the 34 institutions in Puerto Rico, which together enroll 130,000 Hispanic students, all U.S. institutions encompassed under the 40% criteria would only reflect a maximum enrollment of 34% of all Hispanic students.

We urge the consideration of a broader definition which can encompass a larger universe of Hispanic learners and not be as narrowly targeted. We suggest that for purposes of this part: the term "institutions with significant enrollments of Hispanic students" mean any institutions which have Hispanic student enrollments of a minimum of thirty per centum of the total institutional enrollment and/or fifteen hundred or more Hispanic students enrolled full-time. In addition to the above, such institutions should reflect (some proportion of) the following:

(1) Be physically located in areas which have significant populations of Hispanics.

(2) Be physically located in areas where the local elementary and secondary school enrollment reflect significant Hispanic enrollments which exceeds the state average by more than double.

(3) Have cooperative agreements with local LEA's having significant Hispanic enrollments.

(4) Have Title IV Trio programs enrolling 50% or more Hispanic students.

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(5) Show evidence of significant Hispanic staffing patterns, at the faculty and administrative levels.

(6) Have special academic or campus programs accessed by Hispanics which provide training in academic and professional areas in which Hispanics are underrepresented.

(7) Show evidence of serious commitment to the needs of Hispanic learners and the Hispanic community. This can be reflected in the required five-year master plan for institutional development.

Such a definition will more accurately reflect the actual institutional enrollment patterns of Hispanic across the nation. It is estimated that approximately seventy colleges and universities on the mainland would meet this criteria in addition to all 34 Puerto Rican institutions. We submit appendix B for the record.

TITLE III, WAIVER AUTHORITY

The Coalition is highly supportive of the language proposed in Sec. 352 mandating the Secretary to waive the requirements for Title III eligibility consideration in certain prescribed cases. The conditions by which such waivers are allowed are seen as most appropriate. We note for the record that over 90% of all Hispanic students are enrolled in public or low cost institutions. Given the current formulas establishing eligibility for Title III competition, said tables work against the interests of low-cost publicly supported colleges.

By way of example taken from recent testimony we note the cases of Pan American University, which has over six thousand Hispanic students and of California State University at Los Angeles, which has over five thousand Hispanic students. At Pan American University the average financial aid for 5,099 students is $1,398, or about 36% of the educational costs for a commuter student there. More than 62% of full-time undergraduates receive Pell Grants for an average of $716 per student. Current formulas for determining eligibility for Title III competition allow only 4 points for the Pan American grant average, making it highly unlikely for Pan American to attain the total 188 points needed to establish Title III eligibility. The same situation holds for California State University, Los Angeles and will be increasingly so for other public institutions with growing numbers of poor students.

The waiver mechanism as proposed will greatly alleviate the unfair situation currently excluding from competition many otherwise eminently eligible colleges and universities.

TITLE IV, STUDENT ASSISTANCE

Pell Grants

We would like to note for the record that Hispanic students continue to come largely from lower-income families, and have a high reliance on federal financial aid, particularly on Pell grants. Over sixty percent of Hispanic freshmen sampled in a recent study received only a single source of aid and that one source was almost exclusively Pell Grants. In cases where Hispanic students received funding from multiple services, 90% of such packages included a Pell Grant. Additional student financial assistance data on college freshmen identifying themselves as Hispanic in 1981 show that:

(1) 51 percent of all Hispanic freshmen received some form of federal higher education student financial assistance (compared to 60 percent of the Black freshmen and 45 percent of the White freshmen);

(2) 63 percent of all Hispanic freshmen, who were from families with annual incomes below $20,000, received some form of Federal student aid (compared to 71 percent of the Black freshmen and 60 percent of the White freshmen);

(3) 45 percent of the Hispanic freshmen from families with annual incomes above $20,000 received some form of Federal student aid (compared to 51 percent of the Black freshmen and 42 percent of the White freshmen); and

(4) 66 percent of all Hispanic freshmen who received some form of Federal student assistance in 1981 were from families with annual incomes below $20,000 (compared to 77 percent Black freshmen and 37 percent White freshmen).

Of those Hispanic freshmen receiving Federal student aid in 1981: 40 percent received Pell Grant awards (compared to 51 percent of the Black freshmen and 22 percent of the White freshmen); 14 percent received Gururanteed Student Loand (compared to 14 percent of the Black freshmen and 26 percent of the White freshmen); 8 percent received National direct Student Loans (compared to 9 percent of the Black freshmen and 7 percent of the White freshmen); 15 percent participated in the Col-

lege Work-Study program (compared to 19 percent of the Black freshmen and 10 percent of the White freshmen).

Given the critical role of federal financial aid in maintaining what access is of Hispanics to higher education we support the general intent of the bill to expand access for needy undergraduate and graduate students and to achieve simplification of student aid in institutional assistance programs with special emphasis on institutions serving low income students. Specifically we support the effort to make Pell Grants an entitlement, with the maximum award set at $3,000 and rising annually to reflect CPI increases. We also support modification of the half-cost limitation to cover up to 75 percent of tuition costs, plus an allowance for expenses.

Our support for the reestablishment of Pell as an entitlement program rests on the belief that a long-term commitment of this nature would be most helpful in reinforcing efforts to reach students early enough to motivate and prepare them for college through assurance that economic vagueries would not hinder access.

Incorporation of realistic cost of attendance provisions will end the discrimination current against commuter students attending low cost institutions i.e. community colleges.

Modification of the "half-cost" provision will assist those needy students who attend low-cost public institutions and community colleges, where the overwhelming majority of Hispanic students matriculate.

We wish to gratefully acknowledge the clarifying language entered in sec. 404 regarding the eligibility for Pell Grants. Insertion of the statement noting that English instruction for individuals with limited English proficiency is an eligible course of study determined by the institution as necessary to help the student be prepared for the pursuit of a first degree will be very helpful to many institutions who have received varying interpretations reg. eligibility of such courses by the Department of Education.

College work-study

In regards to the proposed work study modification, we support the elimination of the current state allocation formula as it appears the new formula would be more sensitive to the dimensions of communtiy colleges and low-tuition urban institutions, such as those where Hispanic students tend to be concentrated.

We have some reservations regarding the Graduate Student Set-Aside, not being fully convinced that it is necessary.

Block grant program

We support the Block Grant Program. The concept would in fact resolve a number of existing problems. The proposed changes would provide:

(1) Greater flexibility in meeting student needs.

(2) Increased ability to provide better balance of gift/self-help aid.

(3) A streamlining/simplification of the complexities in the number of programs and regulations for managing.

(4) Renewed attention to serving the lowest income students. Further, we support whole-heartedly a definition of "exceptional need".

Guaranteed student loans

In regards to GSL changes proposed we agree to the following:

(1) Phasing out of the FISL

(2) Elimination of loan origination fees

(3) Establishment of a needs tests. We support the concept of "needs tests" but believe that a policy must be added to cover exceptional need, i.e. parental contribution derived primarily from home equity.

(4) Establishement of a $65,000 cap on gross income for GSL eligibility.

We note that the most significant response of the federal government to underrepresentation is expansion of student aid opportunities. We applaud the efforts of the Subcommittee to do so in H.R. 5240 while avoiding the erection of barriers and being sensitive to the magnitude and nature of actual need. Particularly noteworthy is the intent to encourage institutions to target underrepresented gourps through their own policies and practices.

TITLE IV, PART C

In regards to Title IV, Part C. Special Services we commend the Subcommittee for seeking to expand the support of the Trio programs. These programs, and in particular the Talent Search program, have been critical in disseminating information

regarding postsecondary education opportunities and providing necessary outreach services to Hispanic youth.

Talent search

In Section 472, "Talent Search," we are strongly supportive of the language in the bill requiring tutorial services for youth being encouraged to undertake or reenter postsecondary education if such tutorial services are not otherwise available. It is evident that by providing necessary tutorial assistance, students can best benefit from such early intervention efforts. For example, tutoring 7th grade students in math will assist them to complete the entire curriculum from algebra through calculus.

It has been estimated that it costs approximately $500 to tutor one student for one year, incorporating the conventional one-on-one method. We note with Talent Search projects being required to provide tutoring as necessary, that the level of annual funding per student should increase form $100 to $500 per student.

This initiative is responsive to many of the recent recommendations for educational reform. With provision of adequate funding, these important Talent Search efforts can now focus on development as well as on information and motivation. "Supporting and enhancing such programs is an efficient investment that will help articulate quality with equality."

Special services

In Section 474, "Special Services for Disadvantaged Students", the Coalition is strongly supportive of the continuation of these programs. The available evidence indicates, that those programs are a significant factor in the overall performance and retention rates of Hispanic students enrolled in them.

While special services programs provide significant benefits to Hispanic participants, unfortunately the numbers of Hispanic students attaining access to these programs are few. Testimony previously delivered to this Subcommittee revealed that, in the state of Illinois, only 2.17% of the total Latino enrollment in postsecondary institutions was served by special services programs.

In previous drafts of H.R. 5240, this Subcommittee considered language which would have given special consideration to special services programs at institutions with large Hispanic student populations. We were encouraged by this proposal but, unfortunately, such language was not included in the current bill.

We encourage this Subcommittee to reconsider such specific language giving special consideration to institutions serving Hispanic populations. We propose the following amendment to Section 474: on page 240 after line 19 add "with special consideration given to the need for such programs at institutions with large Hispanic student enrollments."

In Section 491 we note the establishment of a National Center for Postsecondary Educational Opportunity. While we acknowledge the noble intent of this initiative we have reservations in this environment of scarce resources regarding the timeliness and fiscal appropriateness of supporting such a new operation from Trio funds. Given current fiscal contraints we would recommend that wherever possible Trio monies first and foremost be targeted on needy and underrepresented students.

In Section 492, the Advisory Committee on Student Financial Assistance, in subsection (d)(5)(e) in which the committee is empowered to collect and compile data on borrowers who secure GSL's, we suggest that "ethnicity" be added to the "racial and gender" information which may be collected. We believe such data would be helpful in determining whether and to what extent Hispanics are participating in the GSL program.

HEP/CAMP

We are pleased to see the expansion proposed for these worthy programs. These programs have been highly effective in reaching out to youth in our society who are among the most educationally disenfranchised, children of families engaged in migrant farmwork.

TITLE V, TEACHER TRAINING PROGRAMS

In regard to the many worthy provisions in this ambitious title we wish to comment on a few initiatives and raise the question of what the implications from these reform measures might be for Hispanic children.

We are pleased to see in Sec. 503 part b(9) language providing assurances that special consideration will be given to Perkin scholarship applicants who indicate a desire to teach limited-English speaking children.

We encourage Subcommittee consideration of incorporating language similar in intent in Part E, Institutional Assistance for Teacher Training and School Improvement, Sec. 541. In making grants to schools of education, attention could be brought to bear on the value of training teacher students to work effectively with Hispanic populations. Schools of education could also seek funds for early identification, recruitment and incentives to bring talented Hispanic students into the teaching profession in all subject matter areas.

One of the most exciting initiatives in Title V is the School-College Partnership, Sec 543. This initiative provides an ideal vehicle by which a federal response can be targeted on alleviating the problems that stifle better education representation and success for Hispanics. As noted by Manuel Gomez in his testimony on Hispanic Access, there is an essential need to recognize the interrelationships of all levels of education since efforts which improve achievement at the elementary and secondary levels increase the likelihood of success at the postsecondary level. Mr. Gomez adds that education has been segmented with very little articulation among the various levels. The four year college sector prepares and trains teachers for the K–12 sector and the K–12 system prepares students for the four year colleges, though they rarely speak with each other. There is a growing perception that the curriculum content of many of the college preparatory courses in low-income, predominantly minority secondary schools does not adequately prepare the student to undertake academic work successfully at a four-year institution. The effectiveness of purely informational or motivational programs is doubtful unless learning skills and college preparatory courses are strengthened at the high school to equip the student for college level work. All discussions with various professionals consistently underscores the need for attention to be given to secondary school faculty as well as to students.

The opportunity provided by this School-College Partnerships section is well suited to address the pressing needs of Hispanic students. We urge that language be added to Sec 543 part C which notes that the Secretary shall give preference to those proposals which will provide or improve services to Hispanic students, as well as to the other three classes noted.

TITLE IX, GRADUATE EDUCATION PROGRAMS

We are in support of the increase in GPOP fellowships from $4,500 to $9,000 per year.

We also wish to note the continuing need to prepare a larger number of individuals from minority groups, especially from among such groups which have been traditionally underrepresented in graduate fields. It is essential that the equity considerations involved in this important program not be relegated to a secondary position.

We also wish to support the continuation and expansion of both the Assistance for Training in the Legal Profession (CLEO) Program and the Law School Clinical Experience program. The increased authorization initially noted are in order.

Finally, under Title XIII we respectfully request the Subcommittee require that the Secretary shall have a two-year study conducted on the on-going educational needs of Hispanics. Such a study shall have the benefit of an advisory body composed of Hispanics and other interested parties, all with expertise in education.

The Secretary shall submit such plan to the Committee on Education and Labor of The House and the Committee on Labor and Human Resources of the Senate for their review and comments.

Upon approval by both Houses, the Secretary shall implement the study and report the results and recommendations to Congress in two years.

In closing we urge the Subcommittee to include in Title XIII a provision which will require the National Center for Education Statistics to collect and report improved data on the education attainment of Hispanics. This data collection should include elementary, secondary, and postsecondary degree attainment by Hispanic subgroup; information on the grade level attainment by ethnic grouping and income-level; degree attainment by sex and ethnic group; etc.

Mr. Chairman and Members, I would like to thank you for this opportunity to testify before the Subcommittee.

STATEMENT OF RAFAEL MAGALLAN, EXECUTIVE DIRECTOR, HISPANIC HIGHER EDUCATION COALITION

Mr. MAGALLAN. Thank you very much, Mr. Chairman.

Honorable members, we welcome the opportunity to testify on the reauthorization of the Higher Education Act of 1965. Before I

proceed on behalf of the coalition, though, we must express our gratitude to the subcommittee and its chairman for conducting the first ever congressional investigation on the fact of limiting Hispanic representation in higher education. The committee's inquiry was prompted by research findings showing that Hispanics remain greatly underrepresented in the segment of higher education and that serious barriers remain to full educational participation in this rapidly expanding population.

This recently concluded series of hearings has been seen as most valuable in exploring the policy questions involved and in seeking appropriate legislative measures to correct the underparticipation.

Previous testimony to this subcommittee has presented voluminous financial data on the Hispanic community and its declining higher education participation rate. The coalition, among many others, was honored to testify at these Hispanic access hearings. We note for the record that all such testimony presented at the Hispanic access hearing is relevant in total to the present legislation and we respectfully request that this body take notice of such previous testimony in regard to H.R. 5240.

In preparing our comments, the coalition has drawn upon the resources of its member organizations, as well as from the extended Hispanic education community. We would like to note that the theme of equity underscored all of our considerations relative to H.R. 5240. The issue of obtaining full equity for Hispanics in all educational endeavors is the principal challenge to us all.

The question of equity has been both explicit and implicit in the various reports, various recent proposals for educational reform, with some individuals suggesting that equity is no longer an appropriate agenda for quality education. We reject this reactionary position and quote the National Commission on Excellence in Education from its "Nation at Risk" report, that the twin goals of equity and high quality schooling have profound and practical meaning for our economy and society, and we cannot permit one to yield to the other in principle or in practice.

We are pleased to see in H.R. 5240 that the subcommittee has spoken out strongly on this important issue, asserting through the bill's substantial provisions that Congress intends to continue the Nation's commitment to full educational opportunity for all its citizens. We respectfully request that the subcommittee, through its present leaders and fiscal authority give consideration as to how equity for Hispanic students can become even more integral, even more an integral element in the design and implementation of Federal education efforts.

Our careful review of H.R. 5240 discloses much in it that is beneficial to Hispanic students. In our submitted statement we address those aspects of the bill which have particular impact on Hispanics. Briefly I will comment this morning about some of those aspects on title I, title III, title IV, title V, and title IX.

Under title I, part A, the coalition commends the subcommittee for continuing these important programs. We encourage the subcommittee to expand the scope of these programs to address the needs of the limited English-proficiency adult population. The limited English-proficiency population, comprising about 2 percent of the total population, according to the 1980 census, stands to gain

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much by continuing education programs targeted to their special needs. We therefore urge that the subcommittee include in section 105(a)(3) limited English proficiency among the various disadvantages which may be addressed under this section.

Under title I, part B, the coalition supports the proposal to fund programs which promote literacy training and other related tutorial programs. We suggest, however, that language be included in the legislation or in the legislative history which would also target such funds to literacy programs which promote English proficiency for this population.

Specifically, we propose the following amendment: In section 122, on page 16, after line 19, add: "The Secretary shall give special consideration to literacy training programs which promote English language proficiency among limited English proficient populations."

In title III, institutional aid, we most strongly endorse and commend the subcommittee for the initiation of the restoration for Hispanic institutions. The establishment of a $10 million set-aside for institutions having significant enrollments of Hispanics is a positive statement supporting the particular needs of these institutions.

Inasmuch as there are only three institutions on the U.S. mainland which were established with a specific mission to serve Hispanic learners, the overriding bulk of all mainland Hispanic students are in colleges and universities that in many cases were not geared to serve them.

Establishment of an Hispanic reservation in title III will greatly enhance the capacity of these institutions to secure resources from which to better prepare themselves to serve their Hispanic students, most students of which are first generation college attendees that can definitely benefit from more supportive services.

The institutional capacity of these schools overall must be strengthened if they are to adequately provide Hispanic students with programs of academic excellence. An additional consideration for congressional support of a reservation is the fact that these types of institutions have generally been poorly supported because of many years of disparate funding patterns.

The need for a set-aside is well established. Testimony delivered before this subcommittee in the 5 days of hearings on Hispanic access to higher education is replete with evidence of under-representation of Hispanics in postsecondary institutions. Even those institutions located in areas of high Hispanic concentrations often underserve that group relative to the potential enrollment. The need for greater support for Puerto Rican institutions is particularly acute. Since this fact is well documented by other witnesses who have come before the subcommittee, we will not expand the subject at this point.

Mr. Chairman, I reiterate these facts to, one, establish that Hispanics have been underrepresented and, in some cases, denied access to higher education, and two, to establish a rational basis for the use of set-asides to rectify this problem.

Increasingly, set-asides have been the subject of judicial scrutiny, pursuant to the guidelines set forth in *U.S.* v. *Plitnik Fuller*. In subsequent decisions, in order to establish the basis for the restoration for Hispanic institutions, and to meet the requirement for that

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decision, we urge the subcommittee to include specific congressional findings on the need for such reservations. These findings, we suggest, can best be drawn from the historical pattern as well as the worsening condition of the underrepresentation of Hispanics in postsecondary ed.

For purposes of title III, we recommend under section 312, definitions, part 2(c), that an Hispanic institution be defined more expansively than proposed. The current language, in H.R. 5240, defines an Hispanic institution as one having an enrollment of which at least 40 percent are Hispanic. We applaud the move away from a reliance on a simple Hispanic majority criteria. However, we must point out that there are only 24 institutions in the U.S. mainland which meet this 40 percent criteria.

These 24 schools, collectively, enroll 77,000 Hispanic students, or 16 percent of all U.S. mainland Hispanic college students. Taking into account the 34 institutions in Puerto Rico which enroll over 130,000 Hispanic students, all U.S. enrollments encompass, under the 40 percent criteria would only reflect a maximum enrollment of 34 percent of all Hispanic students.

We urge the definition of a larger institution which would encompass a larger universe of Hispanic learners and not be seen as an early targeted. We suggest for purposes of this part the term "Institutions with significant enrollments of Hispanic students" mean any institution which has Hispanic student enrollments of a minimum of 30 percent of the total institutional enrollments, and/or 1,500 or more Hispanic students enrolled full time.

Such institutions should reflect some other flexible conditions and we suggest and list out seven of them in our testimony. Such a definition will more accurately reflect the actual institutional enrollment pattern of Hispanics across the Nation and it is estimated that approximately 70 colleges and universities on the mainland would meet this criteria, in addition to the 34 institutions on the island.

Continuing, the coalition is highly supportive of the language proposed in section 352, mandating the Secretary to waive the requirements for title III eligibility consideration in certain prescribed cases. The condition by which such waivers are allowed are seen as most appropriate.

We note for the record that over 90 percent of all Hispanic students are enrolled in public or low cost institutions. Given the current formula establishing eligibility for title III completion, such tables work against the interest of low cost, publicly supported colleges.

The waiver mechanism, as proposed, will greatly alleviate the unfair situation currently excluding from competition many otherwise eminently eligible colleges and universities.

In reference to our comments regarding student financial aid, we'd like to note for the record that Hispanic students continue to come largely from lower income families and have a high reliance on Federal financial aid, particularly on Pell grants. And I think that's been recently well documented.

Given the critical role of Federal financial aid in maintaining what access there is of Hispanics to higher education, we support the general intent of the bill to expand access for undergraduate

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and graduate students and to achieve simplification of student aid and institutional assistance programs, with special emphasis on institutions serving low income students.

Specifically, we support the effort to make Pell grants an entitlement, with the maximum award set at $3,000 and rising annually to reflect CPI increases.

We also support modification of the half-cost limitation to cover up to 75 percent of tuition costs plus an allowance for expenses. And our arguments are, likewise, included. We also support the gist of most of the proposed changes for college work-study, for block grant programs, and the GSL Program.

In summary, regarding student aid, we know that the most significant response of the Federal Government to the need for student aid is expansion of this opportunity. We applaud the efforts of the subcommittee to do so in H.R. 5240, while avoiding the creation of barriers and being sensitive to the magnitude and the nature of actual need.

Particularly noteworthy is the intent to encourage institutions to target underrepresented groups through their own policies and practices.

In regard to title IV, part B, we commend the subcommittee for seeking to expand the support of the TRIO Program. These programs, and in particular the Talent Search Program has been critical in disseminating information regarding postsecondary education opportunities and providing necessary outreach services to Hispanic youth.

In section 472, the talent search, we are strongly supportive of the language in the bill requiring tutorial services for youth being encouraged to undertake or reenter postsecondary education. It is evident that by providing the necessary tutorial assistance students can best benefit from such early intervention. And it is estimated that it costs approximately $500 to tutor one student for 1 year, incorporating the traditional one and one method.

Talent search programs being required to provide tutoring is necessary. We urge that the level of annual funding for students should increase from $100 to $500 per student.

In regard to special services, in section 474, special services for disadvantaged students, the coalition is strongly supportive of the continuation of these programs. While special service programs provide significant benefit to Hispanic participants, unfortunately the number of Hispanic students obtaining access to these programs are few.

Testimony previously delivered to the subcommittee revealed that in the State of Illinois only 2.17 percent of the total Latino enrollment in colleges and universities was served by special service programs. In previous drafts of H.R. 5240 this subcommittee considered language which would have given special consideration to special service programs at institutions with large Hispanic enrollments. We were encouraged by this proposal but unfortunately such language was not included in the current bill.

We encourage this subcommittee to reconsider such specific language giving special considerations to institutions serving Hispanic populations. We propose the following amendment to section 474, on page 240, after line 19, adding, "with special consideration given

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to the needs for such programs at institutions with large Hispanic student enrollment."

In section 492, the Advisory Committee on Student Financial Assistance, in subsection B, part 5, subpart E, in which the committee is empowered to collect and compile data on borrowers who secure GSLs, we suggest that ethnicity be added to the racial and gender information which may be collected. We believe such data would be helpful in determining whether and to what extent Hispanics are participating in the GSL Program.

We are pleased to see the expansion proposed for the most worthy HEP and CAP programs. These programs have been most effective in reaching out to youth in our society who are among the most educationally disenfranchised, and these are children of families engaged in migrant farm work.

In regard to title V we are pleased to see in section 503, part B(9) language providing assurances that special consideration will be given to scholarship applicants who will be assigned to teach limited English-speaking children. We encourage subcommittee consideration of incorporating similar language in part E, institutional assistance for teacher training and school improvement in making grants to schools of education. Attention could be brought to bear on the value of training teachers to work effectively with Hispanic populations.

Schools of education could also seek funds for early identification, recruitments, and incentives to bring talented Hispanic students into the teaching professions in all subject matter. And I note for the record in 1979 only 2.3 percent of all public elementary teachers were Hispanic and only 1.8 percent of all public sector school teachers were Hispanic, even though over 8 percent of all public elementary school children were Hispanic.

One of the most exciting initiatives in title V is the school-college partnerships, section 543. This initiative provides an ideal vehicle by which a federal response can be targeted on alleviating the problems of better education success for Hispanics. There is an essential need to recognize the interrelationships that are at all levels of education since efforts which improve achievement at the elementary and secondary school levels S2 increase the likelihood of success at the postsecondary level.

The opportunity provided by a school-college partnership segment is well suited to address the pressing needs of Hispanic students. We urge that language be added to section 543, part C, which notes that the Secretary shall give preference to a proposal which will provide or improve services to Hispanic students, as well as to the other three cases noted.

I will skip our comments on graduate education program for the sake of time and simply note that we, under title XIII, request the subcommittee require that the Secretary shall have a 2-year study conducted on the ongoing educational needs of Hispanics. Such a study will, hopefully, involve a widely disparate group of experts in the field and the Secretary should, hopefully, report back to the Congress on the recommendations in such a study after 2 years.

In closing, we urge the subcommittee to include in title XIII a provision which will require the National Center for Education Statistics to collect and report improved data on the educational at-

tainments of Hispanics. Without adequate data, our ability to actually address the concerns raised in the postsecondary hearing are largely limited.

Mr. Chairman, I'd like to thank you again for the opportunity to testify before the subcommittee.

Mr. SIMON. We thank you.

Let me, because I am, unfortunately, going to have to leave just a little before noon, let me ask just one question. That is the definitional question. If we were to change the definition as you suggest, that it would mean any institution which has Hispanic student enrollment of a minimum of 30 percent of the total institutional enrollment, and/or 1,500 or more Hispanic students enrolled full-time, how much would that expand the universe?

Mr. MAGALLAN. As I noted, we would probably have about 70 to 75 institutions on the mainland and, of course, all our 34 institutions on the island. So, it's still a relatively manageable size.

Mr. SIMON. OK.

Let me mention one other thing. We are going to, after these two witnesses, we're going to have to recess until about 1:30, I regret to say to the other witnesses. I apologize for this. I will not be able to be back here for that 1:30 but we will have someone else here presiding.

Let me just say for these witnesses and everyone else, what we're going to be doing, I'm going to ask the staff to go through all the testimony of every witness in all the hearings we have had, and just list every specific recommendation, and we will discuss every specific recommendation that anyone has made. I'm not suggesting we are going to accept every specific recommendation. But we will consider it so that even if I am not here after 1:30, your recommendations in the library field, for example, Dr. Jenkins, or in any other field, will be considered, and your testimony, obviously, will be part of the record.

I am sorry.

Mr. Gonzales.

[Prepared statement of Alfonso Gonzalez follows.]

PREPARED STATEMENT OF ALFONSO GONZALEZ, CHAIR, LEGISLATIVE COMMITTEE, NATIONAL PUERTO RICAN COALITION, INC., ALEXANDRIA, VA

Good morning: My name is Alfonso Gonzalez, and I am the chairperson of the Legislative Committee of the National Puerto Rican Coalition, Inc.

The coalition is a membership organization composed of a large number of organizations and individuals interested in monitoring and promoting the political, economic and social well-being of Puerto Ricans in the continental United States and Puerto Rico. Among the members of the coalition are several organizations involved in the delivery of educational services—the Interamerican University, the Ana G. Mendez Educational Foundation and ASPIRA of America.

In support of this basic mission the coaltion monitors and analyzes public policy initiatives; provides technical assistance and training to community groups; represents the Puerto Rican community's interest before the public and private sector; and serves as an information clearinghouse for Puerto Rican organizations.

One of the areas of particular importance to the coalition is higher education. My testimony will focus primarily on the particular concerns of the Puerto Rican community. My colleagues on this panel have provide an overview of the condition of higher education for Hispanics in general. It should be noted, however, that while reach of the groups within the category of Hispancis has adapted to American life under different circumstances, and while their problems are similar, their historical educational experiences are by no means the same.

THE PUERTO RICAN COMMUNITY: HIGHER EDUCATION

The available data suggest that the status of the Puerto Rican community in higher education, like other Hispanic communities, improve in the 1960's and 1970's and declined at all levels in the 1980's. For example, the statistical data, compiled by the Office of Minority Concerns of the American Council of Education, indicates that out of 100 Puerto Rican students, 55% will graduate from high school; 25% will enter some institution of higher education; 7% will graduate from college; and 4% will enter a professional program 2% of which will graduate. Amongst all Hispanic groups, the major reason listed for failure to complete higher education studies was financial as opposed to academic. With this perspective in mind I would like to address specific initiatives, found in the Higher Education Act reauthorization bill, of concern to the Puerto Rican Community.

FINANCIAL ASSISTANCE

In recognition that the major reason that most Puerto Ricans fail to complete collegiate studies is financial, I would like to address the issue of student financial assistance first. The statistics offered by the admissions testing program of the college board, illustrate the economically disadvantaged position in which Puerto Rican families find themselves. For example, the median contribution of Puerto Rican parents toward educational expenses is $0 as opposed to $1,020 for Anglo-American families. Puerto Ricans also apply in greater percentages for financial aid. In 1982, 90.9% of Puerto Rican students applied for financial aid in contrast to 72.9% for Anglo-American students. Finally, the median income of Puerto Rican families in 1982 was $12,300. In that same year the median income for Anglo-American families was $26,300. This data clearly indicates that Puerto Ricans have a demonstrable need for financial assistance. In this light, I believe that the proposed increase of Pell grant assistance to 75% of tuition and fees, not in excess of $3,000, represents a significant step in confronting one of the major obstacles preventing maximum participation of economically disadvantaged students in higher education, particularly Puerto Rican students.

TITLE III, HISPANIC INITIATIVE

I would also like to take this opportunity this morning to express the NPRC's support for the Hispanic initiative in title III. This initiative provides for $10 million, or 15% of part a funds, for institutional development projects for Hispanic impacted institutions. The investment of title III monies in these institutions will provide for increased academic quality, institutional management, and fiscal stability through programmatic initiatives in such areas as family development and improvement of academic programs. In making this form of investment available to these institutions, the education of the Hispanic students enrolled therein would be better served.

The NPRC believes that this commitment on the part of Congress has been long overdue. We applaud the vision of the involved parties in drafting this legislation. The Puerto Rican educational community in the United States and in Puerto Rico has been carefully monitoring this effort. We strongly believe in quality education as a means of enhancing our community's productive capacity and our quality of life. Lamentably, up until now we have been unable to incite concerted action on the part of the public sector to implement mechanisms which enhance our educational opportunities. Today, the Congress has an opportunity to do so.

PRIVATE UNIVERSITIES IN PUERTO RICO

The higher education experience of the Puerto Rican community reflects some of the educational patterns of the general Hispanic community. However, we are faced with some peculiar problems, unique to Puerto Ricans, as a result of historical circumstances. The educational problems that the Puerto Rican community faces in Puerto Rico are very different than the educational problems that the Puerto Rican community face here in the mainland. These differences need to be understood in order to develop a broad effort capable of dealing with these peculiarities in a more effective manner.

Beginning in 1975 in Puerto Rico, we began to perceive a shift of enrollment from the public institutions to the private ones. This shift was due to the fact that public universities were increasingly forced to limit the numbers of students accepted, due to the increasing rate of applications and limited available enrollment capacity. The public universities were attractive to the general student population because of the breadth of courses of study and quality of physical resources. Unfortunately, be-

cause of the convergence of many factors such as better prior education, mostly affluent students were admitted to the public institutions. The burden was therefore shifted to the private institutions to meet the growing needs of the disadvantaged student body of the island. They required first, a greater number of personnel and better educational resources. The burden laid on the private institutions was exacerbated by the general need in Puerto Rico for qualified personnel to respond to the changing demands of the Puerto Rican economy.

The private institutions have responded energetically to this challenge. But due to the low tuition charged and the limited economic resources of their student body, as well as a lack of local philanthropic support, their efforts have not been enough. They need outside external support.

In the past, it has not been possible for Federal monies to be channeled into meeting the needs of these developing institutions. This was due to the narrow language of the legislation which failed to come to terms with the unique nature of the private institutions in Puerto Rico. Coupled with the Hispanic impacted institutions in the mainland, these institutions, in need of development assistance, serve the majority of Puerto Rican students. Because these developing institutions address the educational needs of the majority of our Puerto Rican students, we support this recommended legislation.

Along with the proposed funding, we recommend that special measures be taken to assure that the Hispanic students, at the selected institutions, receive the full benefits of these funds. We agree with the assessment made by Michael Oliva, director of the University of Houston's Institute for Higher Education Law and Governance, that "Minorities find themselves underserved by programs designed to redress inequities, and ill served by the popular notion that inequities no longer exist."

We support the language proposed by the Higher Educational Coalition, which we believe is designed to assure accountability so that Hispanic learners in developing institutions benefit fully from the proposed initiative. Furthermore, the NPRC also fully supports the authority given to the Secretary of Education to waive the requirement set forth in section 312 (2), I, which does not meet present criteria for institutions subsidized by the State and charging low tuition; for institutions serving low and middle income students; and for institutions which contribute substantially toward increasing higher educational opportunities for Hispanics, blacks, Indians, and other minorities.

In addition to our support for the above initiatives, the coalition would like to go on record as supporting the programmatic services to disadvantaged students provided by the Trio Programs (upward bound, talent search, and special services). These programs have been and continue to be an enduring resource for our communities. We support continued and expanded funding for these programs. We are convinced that they provide a much needed educational service for disadvantaged students.

In summary, the National Puerto Rican Coalition, Inc. believes that there is a strong Federal role in higher education supportive of Hispanic concerns. We believe that the recommendation made here today strengthens the role of the Federal Government in providing access to higher education for all disadvantaged groups. We encourage your concerted effort in this regard. Thank you.

STATEMENT OF ALBERT GONZALEZ, CHAIR, LEGISLATIVE COMMITTEE, NATIONAL PUERTO RICAN COALITION

Mr. GONZALEZ. Thank you. Mr. Chairman, I will try to be brief. My name is Albert Gonzalez. I am a board member and the chairperson of the Legislative Committee of the National Puerto Rican Coalition. Among the members of the coalition are several organizations involved in the delivery of educational services, the Inter-American University, the Ana G. Mendez Educational Foundation, and of course, ASPIRA of America.

There are two other reasons why I'm here. They are that we believe strongly that economic and social problems in the Puerto Rican community could be alleviated by expanded access to educational opportunities, and because we believe that the reauthorization bill, authored by you, goes a long way toward meeting those problems.

My testimony will, of course, focus primarily on the particular concerns in the Puerto Rican community. The available data suggests that the status of the Puerto Rican community in higher education, like other Hispanic communities, improved in the 1960's and in the 1970's, and declined at all levels in the 1980's. For example, statistics compiled by the Office of Minority Concerns of the American Council of Education indicates that out of 100 Puerto Rican students, 55 percent will graduate from high school, 25 percent will enter some institution of higher education, 7 percent will graduate from college, and 4 percent will enter professional programs, of which 2 percent will graduate. These are astounding statistics.

Among all Hispanic groups the major reason for failure to complete higher education studies was financial rather than academic. In recognition that the major reason that most Puerto Ricans failed to complete collegiate studies is financial, I would like to address the issue of student financial assistance first. The statistics offered by the admissions testing program of the college board illustrate the economically disadvantaged positions in which Puerto Rican families find themselves. For example, the median contribution of Puerto Rican parents toward educational expenses is 0 percent, as contrasted by a little over $1,000 for annual American families.

It should be no surprise that Puerto Ricans also apply in greater percentages for financial aid. In 1982, 90.9 percent of Puerto Rican students applied for financial aid, in contrast to just a little under 73 percent for Anglo-American students.

Finally, the median income for Puerto Rican families in 1982 was $12,300 and in the same year the median income for Anglo-American families was more than double that figure. This data clearly indicates that Puerto Ricans have a demonstrable need for financial assistance.

In this light, I believe that the proposed increase of Pell grant assistance in the title IV to 75 percent of tuition and fees, not in excess of $3,000 represents a significant step in confronting one of the major obstacles preventing maximum participation of these students in higher education, in particular, Puerto Rican students.

There are several other changes in the higher education authorization bill, which we support. First, I would like to express the coalition's support for the Hispanic initiative in title III. This initiative provides for $10 million or 15 percent of part A funds for Hispanic-impacted institutions. We believe that this investment will provide for increased academic quality, better institutional management, and fiscal stability.

In this regard, I would like to reemphasize a point made by the first panel, or several individuals on the first panel, from Puerto Rico. We are faced with some peculiar problems unique to Puerto Ricans as a result of historical circumstances.

The educational problems that the Puerto Rican community faces on the island of Puerto Rico are very different than the educational problems that the Puerto Rican community faces on the mainland. And these differences need to be understood.

Beginning in 1975, in Puerto Rico, we began to perceive a shift in enrollment from the public institutions to the private ones. This

shift was due to the fact that public universities were increasingly forced to limit the numbers of students accepted, due to the increasing rate of applications and limited available enrollment capacity.

The public universities were attractive to the general student population because of the breadth of courses of study and quality of physical resources. Unfortunately, because of the convergence of many factors such as prior education, most affluent students were admitted to the public institutions. The burden was, therefore, shifted to the private institutions to meet the growing needs of the economically disadvantaged student body of the island, or by a highly motivated group.

The private institutions have responded energetically to this challenge, but due to the low tuition charge and the limited economic resources of the student body, as well as a lack of local philanthropic effort, their efforts have not been enough. We need outside support. In the past, Federal moneys for Puerto Rico have been limited to narrow legislative language. These institutions and their counterpart on the mainland serve the majority of Puerto Rican students and are in need of developmental assistance.

Along with the increased funding, we recommend that special measures be taken to assure that the Hispanic students at the targeted institutions receive the full benefits of these funds. Thus, we support language proposed by the Hispanic Higher Education Coalition, which we believe is designed to assure accountability so that Hispanic learners in developing institutions benefit fully from the proposed initiative.

Furthermore, the coalition support the authority given to the Secretary of Education to waive the requirement set forth in section 312, now of course, in the reauthorized version, 352.

Finally, in addition to our support for the above initiative, the coalition would like to go on record as supporting the programmatic services to disadvantaged students provided by the TRIO Program. These programs have been and continue to be an enduring resource for our communities. We support continued and expanded funding for these programs. We are convinced they provided a much needed educational service for the disadvantaged students.

In summary, the National Puerto Rican Coalition supports, one, proposed increase of Pell grant assistance, which we believe will be one of the most significant changes proposed, two, the waiver mechanism, three, the special set-aside for Hispanic institutions, and fourth, the expansion of the TRIO Program.

Thank you, Mr. Chairman, and I wish to thank both you and the staff for the cooperation you've given the coalition in the past month.

Mr. SIMON. Thank you very much.

Can you tell me just a little bit about the National Puerto Rican Coalition?

Mr. GONZALEZ. Yes. The National Puerto Rican Coalition was started up approximately 4 years ago and it is a national coalition with its membership, or major membership organizations with the Puerto Rican community, throughout the States, as well as individual membership. It concentrates on supporting community programs, helping State and local organizations with Federal Govern-

ment issues, as well as tried to find ways through research and reports and other studies, to bring to public attention and make recommendations on problems within the Puerto Rican community.

Mr. SIMON. If I can just make one general observation, because this is a decision that obviously has to be made first by the people of Puerto Rico, but clearly Puerto Rico gets shortchanged in a great many programs, and that simply would not be the case if Puerto Rico had two Senators and six or seven Members of the House, and again I don't want to interject a—that's a decision people on the island have to make.

But—and Baltazar Corrada, who is your delegate here, does a magnificent job, and we're proud to have him on the committee. But one nonvoting Member of the Congress, simply no matter how respected he is, simply cannot exert the muscle for the island that ought to be there. Again, this is a decision the people of Puerto Rico have to make. But——

Mr. GONZALEZ. That's why we need friends like you.

Mr. SIMON. Well, I thank you.

Mr. GONZALEZ. In the House and in the Senate.

Mr. SIMON. I like that last comment. [Laughter.]

We thank you very, very much for your testimony. Again, my apologies to the other witnesses. We just ended up scheduling more witnesses than we should have this morning and we ran into a problem with the full committee meeting also. But I will, I assure the other witnesses I will be going over your testimony carefully. Thank you very much.

Mr. GONZALEZ. Thank you.

Mr. SIMON. The committee will be in recess.

[Whereupon, at 11:40 a.m., April 5, 1984, the subcommittee recessed, subject to the call of the Chair.]

[Material submitted for inclusion in the record follows:]

PREPARED STATEMENT OF MYRON B. THOMPSON, TRUSTEE, THE KAMEHAMEHA SCHOOLS/BISHOP ESTATE, HONOLULU, HI

Mr. Chairman and members of the committee, thank you for this opportunity to submit written testimony regarding native Hawaiian post-secondary educational concerns. I am a trustee of The Kamehameha Schools/Bishop Estate, an educational institution in Honolulu, established in 1887 for the purpose of educating children of native Hawaiian descent. Currently, about 40% of the annual educational expenditures of our private school is devoted to the improvement of public education in Hawaii. This amounts to about $9 million per year and is expended on native Hawaiians from birth through adulthood.

Early last year I was asked by Secretary of Education Terrel Bell to chair the Executive Steering Committee for the Native Hawaiian Educational Assessment Project. This project was the result of numerous collaborative efforts aimed at assisting native Hawaiians who have suffered disproportionately from educational and social inequality.

In 1974, efforts to develop federal initiatives to redress these inequalities resulted in Congressional recognition of Hawaiians as Native Americans. This was followed by various attempts to obtain for Hawaiians academic programs comparable to those being offered to other Native Americans.

Among these initiatives was a Senate amendment to the Higher Education Act of 1980 that would have established a comprehensive range of programs to meet Hawaiian educational needs. The outcome of the conference committee's consideration of this amendment was an Advisory Council on Hawaiian Education, a compromise which was offered by you, Chairman Simon, and endorsed by the conferees. May I take this time to thank you for your support of the Advisory Council. This Council was to conduct an extensive study of the educational needs of native Hawaiians. Its funding, however, was eliminated under the Budget Reconciliation Act of 1981. Sub-

sequently, The Kamehameha Schools/Bernice Pauahi Bishop Estate offered to underwrite the costs of conducting the study. In effect, we served as a contractor at no public expense.

The Final Report of this study, the native Hawaiian Education Assessment Project, was submitted to Secretary Terrel Bell in March 1983 and has been the subject of testimony at several Senate hearings. A complete copy of the report is included in my submission to this committee.

Specifically, Mr. Chairman, the Native Hawaiian Educational Assessment Project was established because persons of native Hawaiian ancestry do not perform as well as their non-Hawaiian counterparts. They as native Americans, and one of the four largest population groups in Hawaii, are at the bottom of most social indicators, particularly those that measure or contribute to educational achievement.

The object of the project was to quantify the severity and scope of the problem and to determine what could be done to improve the situation of the Hawaiians. The study focused primarily on educational needs, having been designed on the premise that education is the best and most important means for changing and improving an individual's economic and social self-sufficiency.

Through this comprehensive survey of testimony, data, and social science analysis, we found that native Hawaiians are a group at risk, virtually from birth. Almost every facet of the child's development is hampered by poor conditions. These conditions all contribute to forming a group of children who have low educational achievement, a state which affects their entire life.

SUMMARY OF THE FINDINGS

Three categories of need are identified in the Native Hawaiian Educational Assessment Project (NHEAP). They are:

(1) Basic Skills Achievement Needs;
(2) Special Educational Needs; and
(3) Culturally-related Academic Needs.

My testimony will highlight the findings in each of the three categories and recommend programs that will meet these needs, giving specific attention to post-secondary programs.

I. Hawaiian students score below parity with national norms on standardized tests in reading and math.

In the area of student achievement, the needs of 42,000 school-age Hawaiians were assessed. This represents the combined enrollment of Hawaiians in Hawaii's public and private schools. An analysis of performance on standardized achievement tests yields the following points with respect to the performance of Hawaiian students in relation to others:

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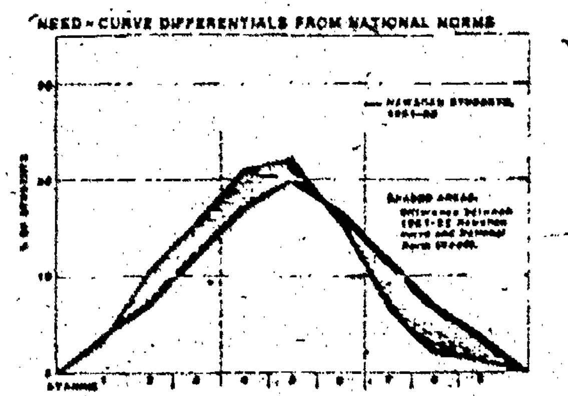
a) Hawaiian students in our public school system (DOE) score below parity with national norms.

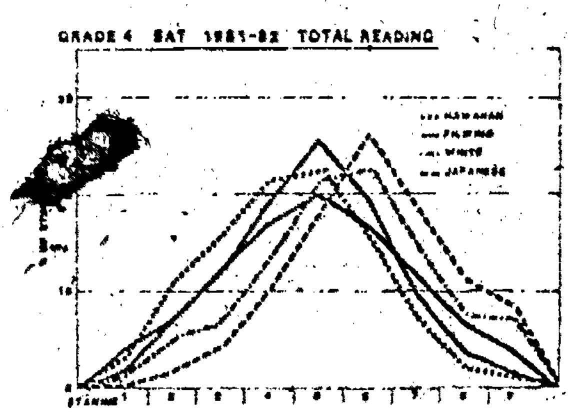
Figure 1



The educational needs of Hawaiian students may be defined as any difference between their achievement in comparison to a national norm. The differences shown above indicate a need for programs designed to reach Hawaiian students of all ability levels. The intended effect of the intervention would be to move the entire group's achievement profile toward or above the national norm.

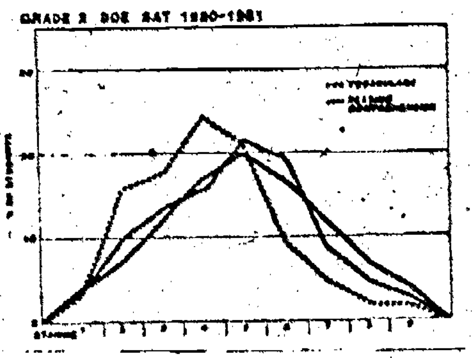
b) Hawaiian students face stiff competition in the form of Caucasian and Japanese students whose performance exceeds national norms.

Figure 2



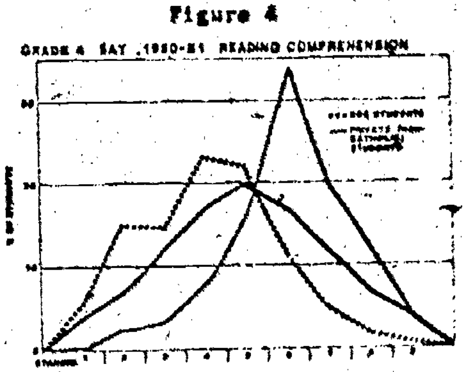
c) Hawaiian students consistently score higher on some subtests than others.

Figure 3



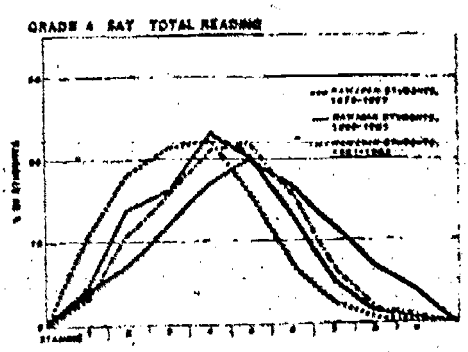
d) Hawaiian students in Hawaii's private schools score well above national norms on standardized tests. And

Figure 4



e) The scores of Hawaiian students in the DOE have consistently and significantly improved over the past decade.

Figure 5



In sum, these findings demonstrate that, while some progress has been made, the majority of Hawaiian students continue to score below national norms and well below other major groups in Hawaii on tests of achievement.

II. Hawaiian students have a disproportionate number of special educational needs that pose barriers to educational achievement

A second major area of need outlined in the NHEAP report is that Hawaiian students face a plethora of special educational needs which are not measurable by, but do influence performance on, standardized tests. The needs in this category can be organized into six general areas:

(1) Socioeconomic Status: The final report contains numerous indicators that the socioeconomic status of Hawaiians as a group is lower than one would expect. The report also presents substantial evidence that low socioeconomic status correlates with low educational achievement.

Figure 6

KEY SOCIAL INDICATORS: STATISTICAL COMPARISON BETWEEN HAWAIIAN ADULTS AND ADULTS STATEWIDE

	STATE POP.	HAWN. POP.
Less Than High School Education	24%	30%
College Degree	16%	5%
Unemployed	4%	6%
Near or Below Poverty	16%	23%
Insufficient Income for Family Size	22%	35%
Profession, Technical, Managerial	27%	19%
Welfare Recipients	15%	22%
Income Less Than $4,000/Year	26%	31%
Median Income	$7,400	$6,900
Criminal Offenders	.5%	1.2%

Of Total:
- Prosecutions Authorized – 52% Native Hawaiians
- Incarcerated – 47% Native Hawaiians
- Juveniles on Probation – 41% Native Hawaiians
- Adults on Probation – 35% Native Hawaiians

Source: Alu Like Needs Assessment Survey, 1979.

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2) Physical Health: Hawaiians are plagued with a susceptibility to a wide array of physical health disorders which are barriers to educational achievement or can be addressed through educational programs. The range of these health concerns is indicated by a relatively low life expectancy and a high incidence of affliction by specific diseases that lead to the victim's death or leave the afflicted with a lifelong physical handicap.

Figure 7

Estimated Life Expectancy at Birth by Ethnicity, 1910 - 1970

	Caucasian	Chinese	Filipino	Hawaiian Part-Hawaiian	Japanese	Other[1]	Total	Range[2]
1910	52.90	54.36	N/A	30.28	49.09	10.39	43.61	26.08
1920	57.02	54.75	32.95	35.03	51.22	28.95	46.93	24.07
1930	62.39	59.60	49.88	42.92	59.89	35.40	54.82	19.47
1940	64.91	65.05	62.92	52.35	67.46	53.99	62.84	15.11
1950	69.44	69.82	69.74	62.44	72.37	67.43	69.63	9.93
1960	72.78	73.83	71.64	64.94	75.55	62.72	72.32	10.61
1970	73.19	76.10	71.79	67.46	77.30	76.88	73.97	9.84
Male	70.68	74.78	70.21	65.05	75.71	75.25	72.03	10.66
Female	76.04	77.60	75.56	69.91	78.93	78.39	76.37	9.02

[1] The 1910 tables for all ethnicities and the "Other" tables for all years should be viewed skeptically.

[2] Highest minus lowest expectancy; excludes "Other."

Source: Gardner, 1980, no 5, pp. 321-326. Cited in Schwimmer, 1981.

3) Mental Health: Testimony, data, and research analysis suggest that a variety of stressful forces or conditions exist in the lives of many Hawaiians. These conditions have generated depression or resulted in problems in areas such as childrearing, interaction with others, and school behavior.

Figure 8

Confirmed Child Abuse and Neglect by Ethnicity of Victim, 1975-1979

Ethnicity of Victims	1975 Abuse	%	Neglect	%	1976 Abuse	%	Neglect	%	1977 Abuse	%	Neglect	%	1978 Abuse	%	Neglect	%	1979 Abuse	%	Neglect	%
Hawaiian	70	26.7	67	29.2	142	36.3	66	28.0	171	31.0	95	32.8	199	27.0	84	22.6	160	22.4	69	17.4
Caucasian	66	25.2	60	37.2	78	19.9	80	32.9	137	24.9	94	32.4	168	22.8	106	28.0	150	21.0	131	33.1
Mixed	44	16.8	19	11.8	36	9.2	13	5.3	58	10.5	28	9.7	162	22.0	84	22.6	198	27.8	103	26.0
Samoan	25	9.5	3	1.9	16	4.1	9	3.7	37	6.7	7	2.4	54	7.3	12	3.2	54	7.6	5	1.3
Filipino	14	5.3	15	9.3	33	8.4	17	7.0	49	8.9	15	5.2	43	5.8	18	4.8	45	6.3	28	7.1
Japanese	2	.8	4	2.5	11	2.8	9	3.7	13	2.4	12	4.1	15	2.0	6	1.6	25	3.5	6	1.5
Other	41	15.6	13	8.1	73	18.7	47	19.3	86	15.6	39	13.4	97	13.1	64	17.2	81	11.4	54	13.6
TOTAL	262	100.0	161	100.0	391	100.0	243	100.0	551	100.0	290	100.0	738	100.0	372	100.0	713	100.0	396	100.0

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4) Alienation: For a variety of reasons, many Hawaiians are alienated from the major institutions in our society. This feeling of alienation leads to and is signaled by such indicators as: crime, substance abuse, and high absenteeism.

Figure 9

RATES OF EXCESSIVE ABSENTEEISM IN TEN DOE SCHOOLS

SCHOOL	% OF STUDENT BODY	% OF HAWAIIAN STUDENTS
1	60.5	66.3
2	53.8	55.2
3	51.9	58.2
4	51.8	66.1
5	48.2	78.7
6	47.3	60.5
7	43.6	60.6
8	43.2	71.6
9	43.2	64.9
10	36.4	54.1

Absenteeism is an indicator of alienation from the traditional school setting. The table above indicates that the percentage of Hawaiian students who are excessively absent (20 or more days absent per semester) is disproportionately higher than other students.

5) School System Barriers: The problems experienced by a school system tend to have their most dramatic impact upon those students who have special needs. Consequently, any problems experienced by the State Department of Education in maintaining a modern curriculum, adequate funding, or programs for students who are handicapped or have other special learning needs tend to have a more pronounced effect on Hawaiians than students who are thriving within the school system.

Figure 10

Percent Distribution by Ethnic Group for 16 Special Education Diagnoses, State of Hawaii Public Schools, 1980-1981

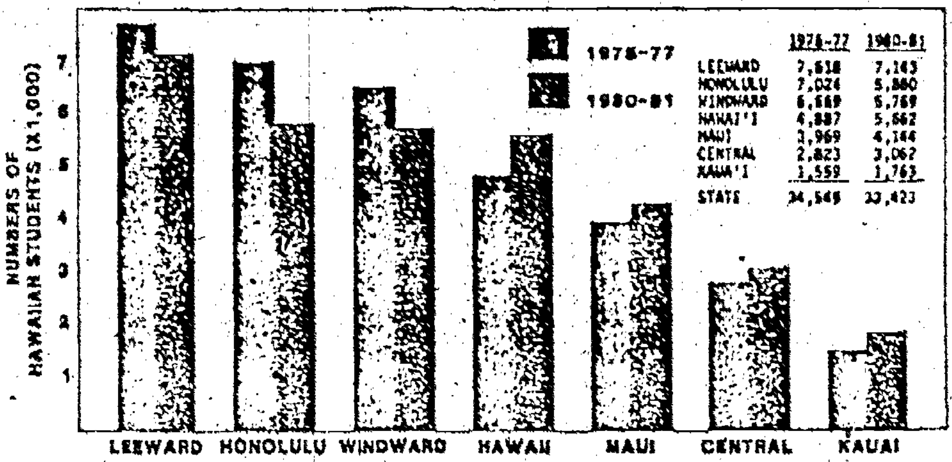
	Percent of Total School Enrollment	Percent of Special Education Enrollment	Specific Learning Disabilities	Speech Impaired	Mentally Retarded, Educable	Pending Diagnostic Label	Mentally Retarded, Trainable	Severely Emotionally Disturbed	Orthopedically Handicapped	Hard of Hearing	Preschool Learning Impaired	Severely Multiply Handicapped	Deaf	Mentally Retarded, Severely	Partially Sighted	Mentally Retarded, Profoundly	Blind	Deaf and Blind
Percent of Special Education Enrollment		–	60.1	14.8	6.9	5.2	2.9	2.9	1.4	1.2	1.1	1.1	1.1	.7	.2	.2	.2	.1
Caucasian	24.5	25.2	13.7	30.5	18.5	34.7	24.8	39.6	25.0	21.2	20.1	22.1	20.0	15.5	27.6	14.8	25.5	20.0
Hawaiian	20.4	31.8	36.4	23.4	30.0	22.6	17.8	24.8	24.0	26.9	31.0	24.3	33.1	20.3	22.2	25.9	15.0	30.0
Japanese	18.7	9.6	7.6	16.2	8.3	8.1	17.0	7.2	17.4	12.1	7.2	8.1	10.0	26.2	7.4	18.5	15.0	20.0
Filipino	18.7	15.4	14.4	13.8	24.3	13.6	20.9	13.4	9.3	24.1	15.8	19.1	18.5	25.0	22.2	14.8	40.0	10.0
Chinese	3.8	2.2	2.0	3.0	1.8	1.7	5.0	1.7	4.1	.7	2.9	5.1	3.1	3.6	0.0	3.7	0.0	0.0
Samoan	3.2	4.8	5.2	2.8	8.5	3.8	5.8	1.1	5.8	5.7	2.9	2.9	3.1	1.2	3.7	7.4	0.0	0.0
Hispanic	2.0	3.5	3.9	2.3	3.5	3.3	3.3	3.6	4.1	3.8	4.3	5.1	3.8	1.2	0.0	0.0	0.0	10.0
Korean	1.8	1.0	.8	1.7	.6	.6	1.1	2.2	2.3	.7	2.2	2.9	2.3	0.0	0.0	3.7	0.0	0.0
Black	1.4	1.7	1.6	1.4	1.5	3.3	1.1	1.9	0.0	1.4	5.0	0.0	1.5	0.0	0.0	0.0	0.0	0.0
Other	5.3	4.8	4.6	5.0	2.8	6.3	2.8	4.5	7.0	4.2	8.6	10.3	4.7	6.2	14.8	3.1	0.0	10.0
Percent of School Enrollment			7.5	4.5	1.1	.5	.4	.2	.2	.1	.1	.1	.1	.1	.1	–	–	–

Source: Data obtained from State of Hawaii Department of Education, 1982.

5) Environmental Barriers: For economic and cultural reasons, disproportionate numbers of Hawaiians live in rural neighbor island communities (Hawaii, Maui, and Kauai) which have educational environments that, while rich in certain historical, cultural, and natural respects, tend to be deficient in many crucial areas (e.g., quality of facilities).

Figure 11

HAWAIIAN STUDENTS BY DOE DISTRICTS, 1976-77 TO 1980-81



III. Cultural behavior and background affect academic achievement

The last need area described in the report revolves around culture. For many Hawaiians, culture is the basis of their self-concept and identity. This can be a positive and negative factor.

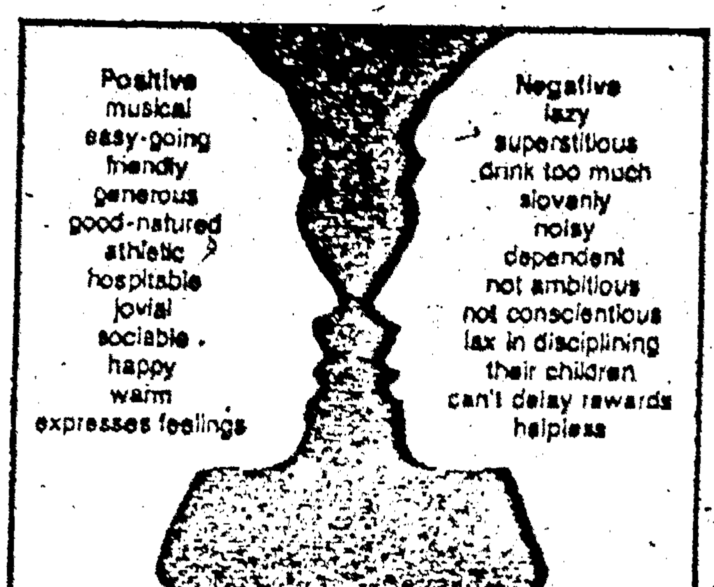
On the one hand, the report contains many pages of testimony and writings indicating that Hawaiians are affected adversely by the loss of their culture. It is widely acknowledged that the events of history have conspired to suppress Hawaiian values, lifestyle, language and beliefs.

There are numerous indicators of problems at the points where the Hawaiian culture meets and interacts with the dominant culture. The classroom is one such point.

Many Hawaiians also acknowledge that they have erected culturally-related barriers of their own making, through negative self-attributions or internal dissension.

Likewise, barriers have been created by those representing the dominant culture through stereotyping and the widespread use of a culture-bound school curriculum.

Figure 12
Stereotypes of Hawaiians



Stereotypes of Hawaiians, both positive and negative, tend to exert subtle pressures on individuals to fit prior expectations, making it difficult for them to develop their unique characteristics and skills.

In addition, the preservation of Hawaiian culture has been uneven. There is much about themselves and the ways of their ancestors that Hawaiians do not know. This makes the need for continued support for Hawaiian and multi-cultural studies particularly strong.

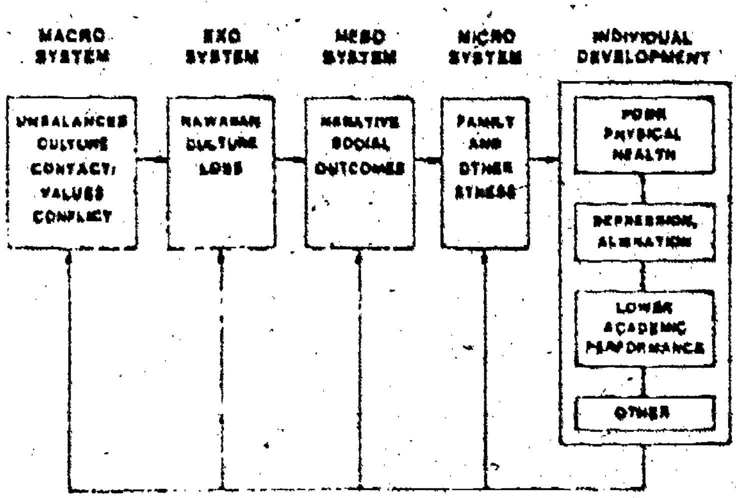
The recurring theme of these various conditions of cultural need emphasizes self-disparagement, feelings of inadequacy, fear of failure as well as fear of success, alienation, hopelessness and helplessness, and depression. These symptoms characterize the culture loss/stress syndrome.

This syndrome relates to the rapid and severe culture loss experienced by Hawaiians since the advent of "western" culture, beginning with the discovery voyages of Captain James Cook in 1778. The syndrome includes lowered school performance among Hawaiian children and, thus, indirectly as well as directly contributes back to negative social outcomes for Hawaiians. Figure 13 graphically depicts this causal chain. Implicit within this notion is a feedback loop which makes the cycle self-per-

petuating. That is, without intervention, one would expect further cultural disparity, further culture loss, more depression, and increased social failure over time.

Figure 13

THE CULTURE LOSS/STRESS HYPOTHESIS



On the positive side, it is clear that many Hawaiians derive considerable strength and pride from their culture. The community's renewed interest in and emphasis upon things Hawaiian have been a source of revitalization and encouragement for Hawaiians.

Programs that expand our knowledge of Hawaiian culture will also play a significant role in preparing Hawaiians for the future. The students of today must develop a clear understanding of themselves and their values if they are to successfully deal with multiple options they will encounter in the near future.

RECOMMENDATIONS

Now that we have defined the problems and needs of Hawaiian children, we are anxious to move ahead with solutions. I want to emphasize that although we have been able to define these separate areas of need, each of the three categories is only part of the whole picture. For example, poor achievement on a standardized test is often a manifestation of self-disparagement, which results from depression, which is caused by poor health. Thus, the problems are inter-related, and the solutions must be likewise, comprehensive and coordinated.

Our report includes many recommendations which we feel address the problems we defined. Because the problems are so wide-ranging, the solutions must be inclusive. Therefore, we have put a geat deal of effort into searching for existing programs at the federal, state, and local levels that will address these needs.

The set of programs we are recommending meet the requirement of being inclusive, and each has been federally supported and has established a record of effectiveness. Thus, we are not recommending new legislation, and we are not recommending a "shotgun" approach to a complex issue. Rather, we are recommending that existing legislation be tapped in a systematic, coherent manner.

The set of programs which we have identified as the most needed by Hawaiian students are aimed primarily at educational skills. They represent three necessary approaches: Preventive, Remedial, and Prospective. (Refer to Figure 14.)

Two crucial steps need to be taken for federal legislative support. First, existing legislation needs to be amended to enable native Hawaiians to participate or to be assured set-aside funding as a special group. Second, sufficient funding for these programs must be appropriated.

The total annual cost for the set of programs we have recommended is well under five million dollars. The implementation of any one of these programs would help, but the implementation of the set of programs could, we believe, provide the impetus necessary to actually solve the problem. With the assistance of such a range of programs we foresee a time when native Hawaiians will no longer require special assistance.

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Figure 14

RECOMMENDED PROGRAMS TO IMPROVE NATIVE HAWAIIAN BASIC EDUCATIONAL SKILLS

MAJOR PROGRAM	RECOMMENDED PROGRAM	SUB-PROGRAMS	ESTIMATED FUNDING REQUIREMENTS	POTENTIAL FUNDING SOURCES
PREVENTIVE	1. CHILD AND FAMILY RESOURCE CENTERS	a. Teenage pregnancy prevention b. Prenatal c. Perinatal d. Infant/Toddler e. Preschool f. Health/Fitness/Nutrition g. Screening Services h. Interagency networking	$900,000	EDUCATION FOR THE HANDICAPPED ACT ADMINISTRATION FOR CHILDREN, YOUTH & FAMILIES
REMEDIAL	1. PACIFIC REGION EDUCATIONAL LABORATORY	a. Technical Assistance b. Needs Assessment & Program Evaluation c. Cultural Research d. Materials Development	$500,000	NATIONAL INSTITUTE OF EDUCATION
	2. KEEP TEACHER TRAINING	a. Educational Personnel Development b. School Consultation c. Curriculum Development	$838,750*	INDIAN EDUCATION ACT
	3. TUTORING/COUNSELING	a. Elementary b. Intermediate c. High School d. Educational Material Development	$900,000	
	4. CULTURAL STUDIES	a. Hawaiian Studies b. Multi-cultural studies c. Television and other media efforts	$618,000	
PROSPECTIVE	1. JOB SKILLS TRAINING	a. Non-traditional Classroom b. Vocational Training c. Outreach Counseling	$390,000	VOCATIONAL AND ADULT EDUCATION
	2. SCHOLARSHIPS	a. Undergraduate b. Graduate & Professional	$484,000*	HIGHER EDUCATION ACT

* Indicates Matching Funds Provided by The Kamehameha Schools/Bernice P. Bishop Estate

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I would like to isolate two of our recommendations for the immediate attention of this committee.

PROSPECTIVE PROGRAMS: 1. SCHOLARSHIPS

Clearly, one of the main impediments to participation in higher education by citizens nationwide is funding. This barrier looms even larger for many Hawaiian families whose lower per capita income, large family size and higher health costs make it virtually impossible for them to afford the costs of tuition, books, and other higher educational expenses.

What is recommended here is the expansion of federal financial aid programs, under the Higher Education and Indian Education Acts, to assist more Hawaiians who wish to pursue higher education opportunities. The target funding level of this additional scholarship assistance is $454,000. This would match the level of service already provided by The Kamehameha Schools/Bishop Estate.

The impact of these additional funds would be to significantly increase the number of students who pursue higher education on the mainland and overseas, as well as those who undertake post-graduate and professional studies (especially in the fields of law, medicine, business administration, education, public health, information and communication sciences, natural resources and related fields.)

A portion of these resources should also be devoted to counseling and tracking of recipients and potential recipients. An analysis of statistical information and individual experiences of native Hawaiians in post-secondary programs shows that they are significantly underrepresented in post-secondary programs and that their rate of program completion is low in comparison with other groups. (See Exhibit A)

PROSPECTIVE PROGRAMS: 2. JOB SKILLS TRAINING

In addition to the kinds of unemployment and underemployment problems Hawaiians have faced in the past, recent trends point to the development of new occupations and new fields of employment in which the Hawaiian community must compete with others. This has been called "high tech." It refers to the burgeoning fields of information and communications technology. Unwilling to rely solely on the future of the tourism industry as the economic base for the future, the State of Hawaii is developing plans for encouraging the growth of high tech industries in Hawaii. Even if an accelerated growth in fields like computer technology does not happen immediately, there is a growing demand among existing businesses for more electronic office equipment, for better and faster communications, for newer and better office machinery and the requisite skills to work in the "office of the future."

A proposal recently advanced by the State Commission of Manpower and Full Employment in Hawaii and the State Advisory Council on Vocational Education calls for the development of "Area Vocational Centers" (AVC) to solve some of the problems associated with the updated demands on Hawaii's vocational training resources.

Our proposal is to develop Area Vocational Centers at those particular high schools which serve large numbers of Hawaiian students and which could reasonably be expected to produce graduates who would seek employment in high tech related fields.

CONCLUSIONS

Mr. Chairman, this concludes my discussion of the educational needs of native Hawaiians and of some of our recommendations for programs that will address these needs. In summary, the problems of native Hawaiians are many and they are complex. Attempts to resolve these problems will require a broad base of support from federal, state, and local sources.

I want to point out that The Kamehameha Schools/Bishop Estate is committed to the education and advancement of children of native Hawaiian ancestry. We fully expect to participate in the development, funding, and implementation of programs to help our children, and thereby assume a proper measure of responsiblity for dealing with these concerns. We believe the establishment of such federal, state, and private partnership is in keeping with our nation's philosophy of private sector participation in the provision of human services.

Again, thank you for allowing the submission of this testimony. Please do not hesitate to call on us for clarification or further information.

INFORMATION ON: POSTSECONDARY EDUCATION NEEDS OF NATIVE HAWAIIANS

TABLE OF CONTENTS

Materials and background data prepared by Kiyoshi Ikeda, Co-Convener of University of Hawaii Task Force on Underrepresentation of Native Hawaiian Students and the Hawaiian Studies Program at the University of Hawaii at Manoa, and KSBE/Extension Education Division Na Ho'okama a Pau'ahi Scholarship and Counseling Program. Detailed technical materials available upon request.

HIGHLIGHTS OF FINDINGS IN CHART I

(1) The Native Hawaiian population is both a growing number and growing proportion of the civilian population in the State of Hawaii.

The comparison of the numbers, both in total and in age-level breakdowns suggest increase through births.

The result is that an increasing number and proportion of the young people in Hawaii is of Native Hawaiian background.

HIGHLIGHTS OF FINDINGS IN CHART II

(2) About one half of the Native Hawaiian population is made up of youths and children eighteen years of age and younger.

HIGHLIGHTS OF FINDINGS IN CHART III

(3) Of the Native Hawaiians who went to college (those 25 years and above),
(a) Fewer attend college in comparison with others (Caucasian, Chinese, Japanese)
(b) Fewer complete college studies (completing the bachelor's degree).

HIGHLIGHTS OF FINDINGS IN CHART IV

(4) Of those college-bound age group (ages twenty and twenty-one),
(a) Native Hawaiians attend college studies at less than one-half the rate of others (Caucasian, Chinese, Japanese).
(b) There is a drop in college studies from age twenty to twenty-one among Native Hawaiians, compared to an increase in retention among others (Caucasian, Chinese, Japanese).
(c) From Chart III and IV, retention and completion of bachelor degree studies remains a basic challenge in academic development and support among Native Hawaiians.

HIGHLIGHTS OF FINDINGS IN CHART V

(5) Attending college significantly reduces chances of being unemployed in the labor force.
(a) Chances for becoming unemployed among those who complete less than college education is greater among Native Hawaiians than among those in the general population.
(b) Unemployment levels even out as post-secondary studies is pursued and/or completed.

HIGHLIGHTS IN FINDINGS FROM TABLE 1

(6) Native Hawaiians are at much higher risk in being unable to keep pace with inflationary rises in the cost of living due to their lowered educational attainment and related unemployment and job insecurity. (Charts III, IV, and V provide detail

on lowered educational attainment and unreported data are available which describe the lower-payment jobs into which Native Hawaiians are locked in disproportionate numbers.)

HIGHLIGHTS FROM TABLE 2

(7) Native Hawaiians, of every age group and social status are united in pressing forward on improving the educational attainment of themselves and their children. Whether it is matters of financial aid or academic support services, they know that to save their children and themselves, such programs are essential for their future well-being.

IMPLICATIONS FROM THE MATERIALS PRESENTED

(1) The disproportionate absence of college-bound and post-secondary bound children and adults within the Native Hawaiian community must be remedied, if dependency and insecurity is to be lowered significantly.

(2) By providing those means and tools for academic attainment and success into post-secondary education and college studies, the Native Hawaiian population has every chance of succeeding in breaking out of the present traps.

(3) Federal support in financial aid and academic support services at the post-secondary and college levels is essential in aiding the families and the community to attain its cherished goals.

(4) Given the fact that a large majority of Native Hawaiian families are impoverished and burdened, their wish and drive for the best in post-secondary education can only be made possible by structured and effective financial aid and academic support services. As it now, even at a relatively lower tuition institution such as the University of Hawaii at Manoa, there is high selectivity in drawing from the more affluent families of Native Hawaiian background to the absence or exclusion of talent from less advantaged households. With the planned tuition rises, that absence or exclusion will be all the more likely.

The kinds of financial aid approaches and academic support programs provided under Federal legislation is critical in meeting the challenge of: increasing the number of Hawaiians in post-secondary education; and successful completion of the post high educational goals and objective.

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CHART I

PERCENTAGE AND NUMBER OF NATIVE HAWAIIANS IN THE STATE OF HAWAII CIVILIAN POPULATION - 1970 AND 1980 HEALTH SURVEILLANCE SAMPLES

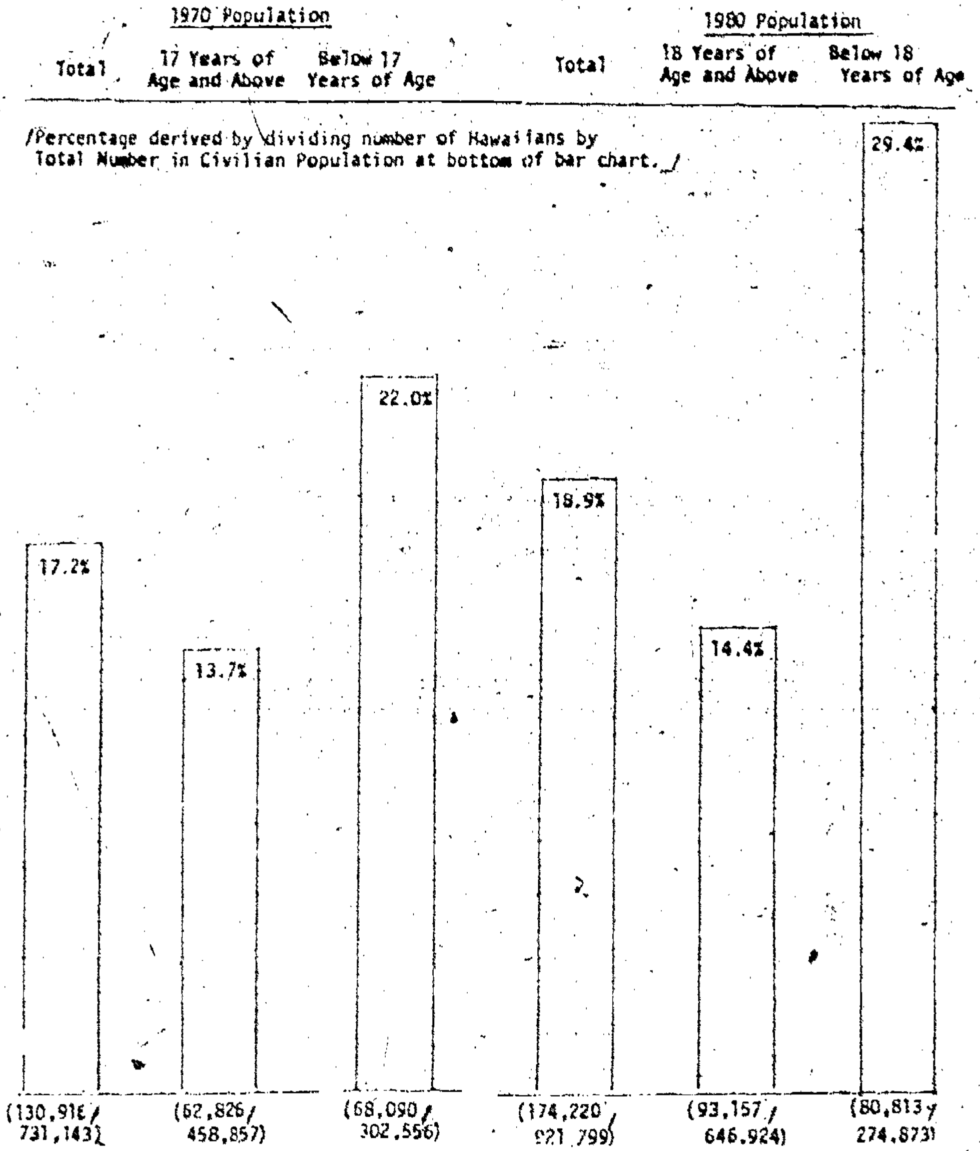

CHART II

PERCENTAGE OF THE TOTAL NATIVE HAWAIIAN POPULATION IN THE STATE OF HAWAII WHO ARE 18/19 YEARS OF AGE AND BELOW (1973-78 Average and 1980 Health Surveillance Sample Estimates)

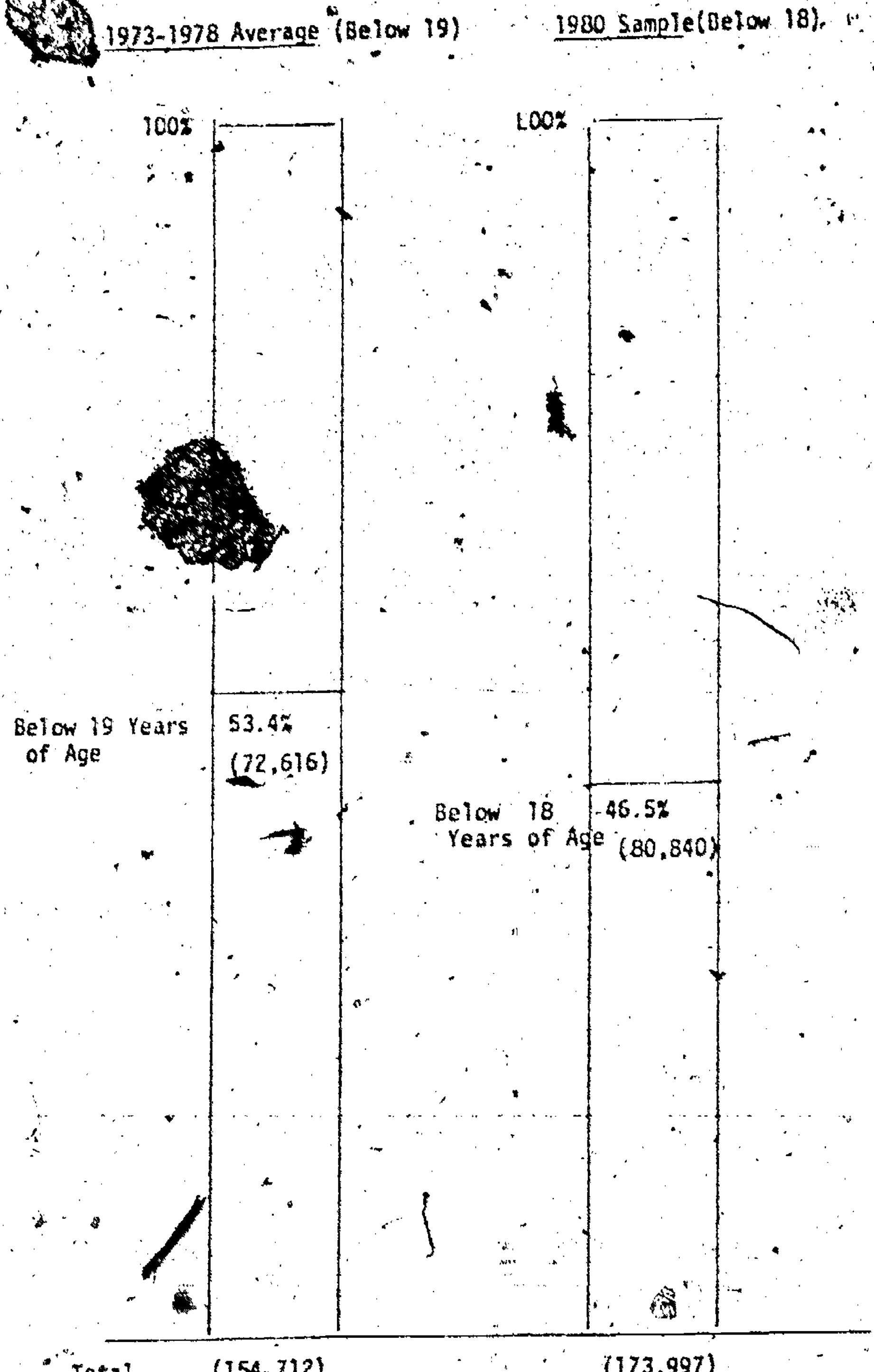

CHART III

RATE OF COMPLETION OF BACHELOR DEGREE STUDIES OF THOSE WHO WENT TO COLLEGE AMONG NATIVE HAWAIIANS AND OTHERS (Caucasian, Chinese, Japanese) - PERSONS TWENTY-FIVE YEARS OF AGE AND ABOVE (1975 OEO SPECIAL SAMPLE)

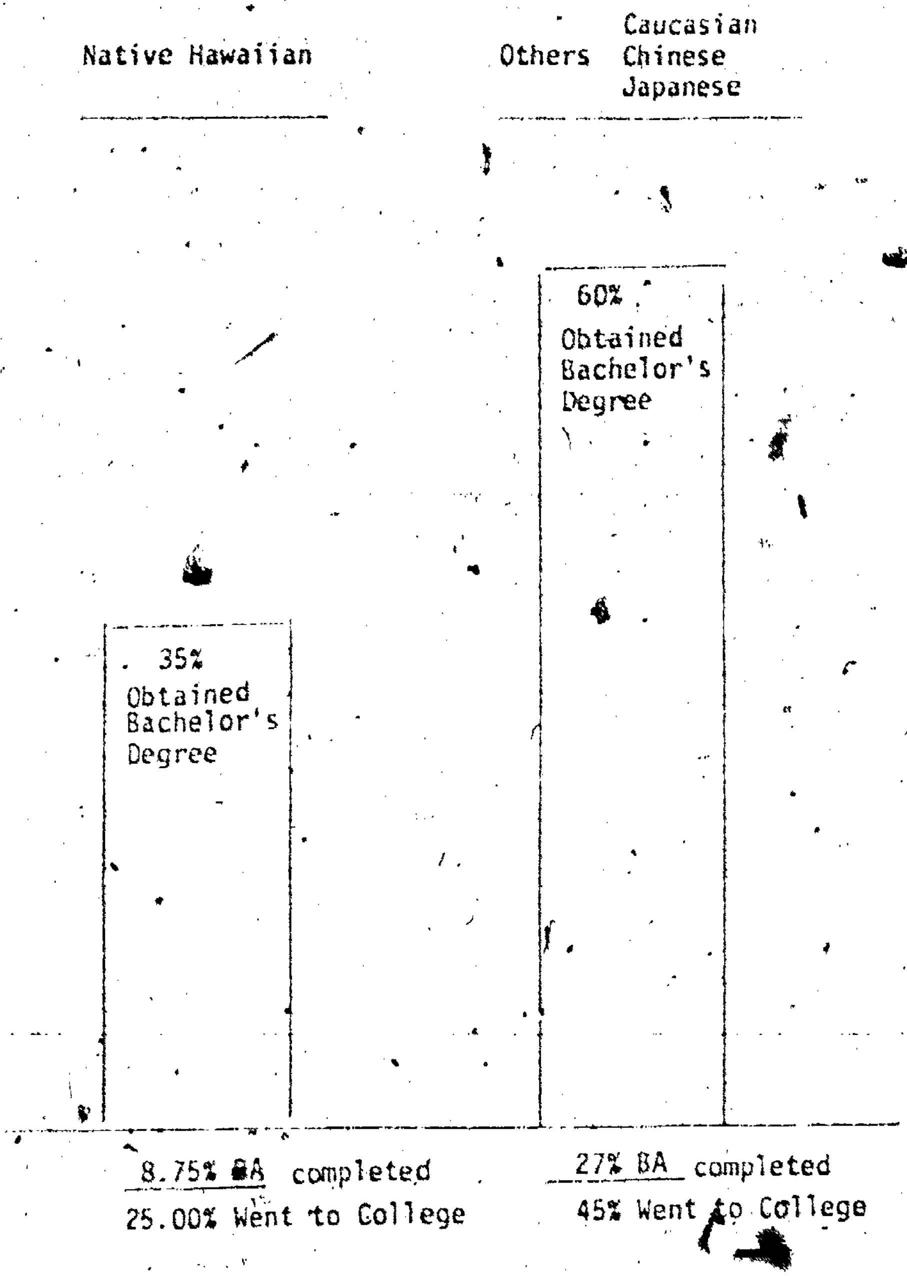

CHART IV

COLLEGE-BOUND RATES OF PERSONS TWENTY AND TWENTY-ONE YEARS OF AGE AMONG NATIVE HAWAIIANS AND OTHERS (CAUCASIAN, CHINESE, JAPANESE) IN 1975 (1975 STATE OF HAWAII OEO SPECIAL SAMPLE)

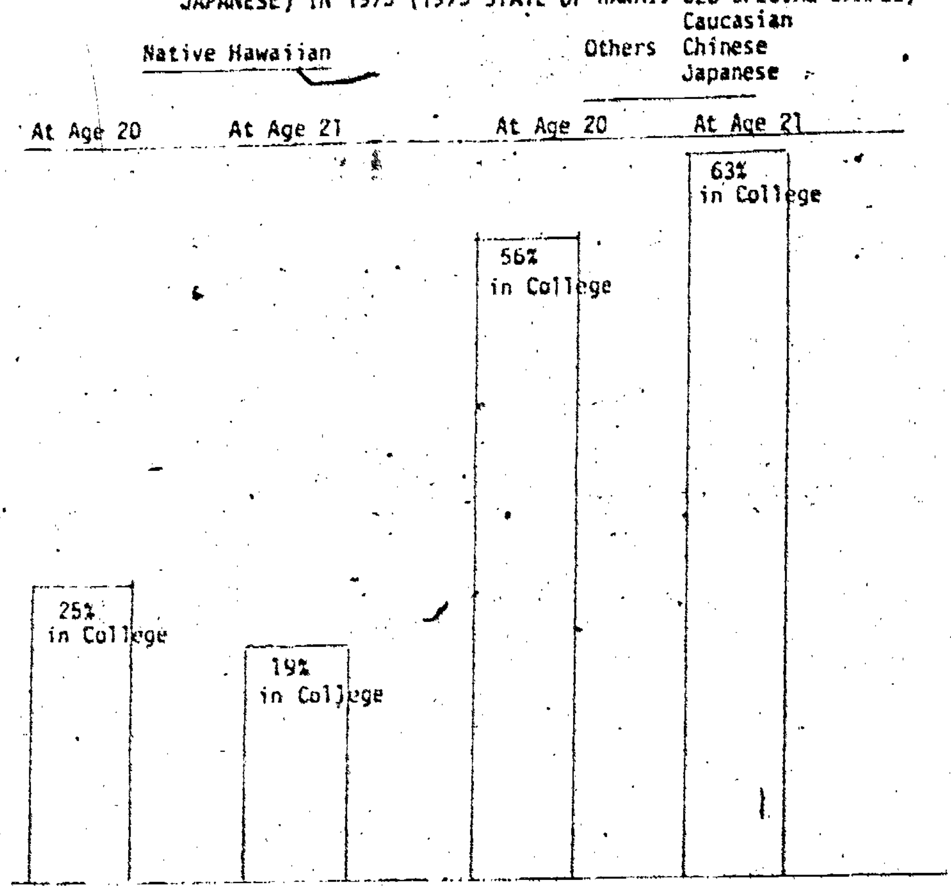

CHART V

UNEMPLOYMENT LEVELS BY EDUCATIONAL LEVEL AMONG MEN AND WOMEN - NATIVE HAWAIIAN AND GENERAL POPULATION DIFFERENCES (1975 STATE OF HAWAII OEO SPECIAL SAMPLE)(Persons 16 Years of Age and Over)

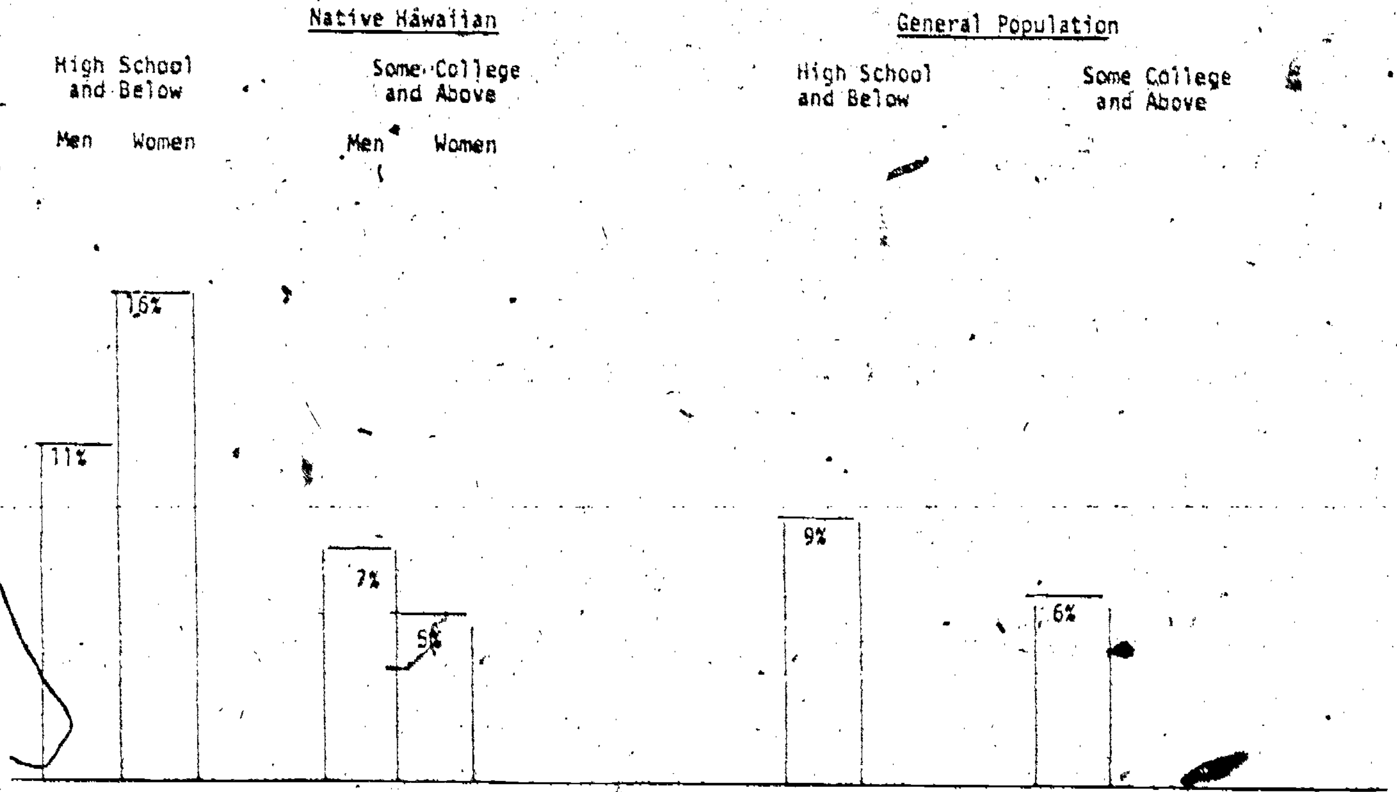

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TABLE 1 CHANGE IN MEDIAN CIVILIAN FAMILY INCOME BY ETHNIC GROUP IN THE STATE OF HAWAII 1973-1977 - Health Surveillance Sample*

Ethnicity	Year*** 1973	1977	Percent Change	Unemployment Level-1975**
Hawaiian				
Pure Hawaiian	$9,412	$9,278	- 1.4%	11.7%
Part Hawaiian	$10,840	$13,615	+ 25.6%	
Non-Hawaiian				
Filipino	$9,634	$12,683	+ 31.6%	6.6%
Japanese	$14,344	$19,431	+ 35.5%	4.1%
Caucasian	$14,097	$19,005	+ 34.8%	9.5%
Chinese	$15,218	$21,183	+ 39.2%	n.a.

* From POPULATION REPORT NUMBER 5(1976) and NUMBER 11(1979) of the State of Hawaii Department of Health.

** From Robert D. Retherford, "Migration and Unemployment in Hawaii," Papers of the East-West Population Institute, No. 79, January, 1982, Table 1, p. 4.

*** Unemployment rates for the civilian labor force between 1970 and 1980 in Hawaii ranged from 4.9% in 1970; 6.9% in 1971; 7.7% in 1972; 7.2% in 1973; 7.9% in 1974; 8.3% in 1975; 9.8% in 1976; 7.4% in 1977; 7.8% in 1978; 5.3% in 1979; and 5.0% in 1980. From Table 243, p. 256, HAWAII DATA BOOK, 1981.

TABLE 2

EDUCATIONAL (POST-SECONDARY SCHOOLING) CONCERNS OF LEADERS AND GENERAL POPULATION OF NATIVE HAWAIIAN BACKGROUND (1981 Kamehameha Schools Needs Survey)

Item of Concern (Agree to Importance)	Community Leaders	Potential Client Groups *
1. High Importance of Increasing Educational Achievement	97%	95%
2. Interest in Financial Aid for College/ Vocational Training	79%	89%
3. Interest in Counseling for College/ Vocational Training	78%	85%
4. High Importance of Preventing School Problems for Children	94%	88%

* Potential Client Groups are made up of
1. Households without Children (Childless, Young)
2. Households with Pre-School Children
3. Households with School-Age Children under 12 of Age
4. Older Households (35 years and above without Children Below 19 Years of Age

PREPARED STATEMENT OF REV. WILLIAM L. GEORGE, S.J., SPECIAL ASSISTANT TO THE PRESIDENT OF GEORGETOWN UNIVERSITY

Mr. Chairman and Members of the Committee, I am Rev. William L. George, S.J., Special Assistant to the President of Georgetown University.

I would like to discuss the College Housing Loan Program and the Higher Education Facilities Loan Program.

The College Housing Loan Program was established in 1950 to provide low-interest long-term loans to colleges and universities for the construction, renovation, and acquisition of student and faculty housing and related facilities and was later amended to provide low-interest loans for energy conservation projects. The program, now almost 35 years old, has been of enormous benefit in making more than $3 billion in loans to ensure the availability of adequate affordable housing to students at more than 2000 colleges and universities across the country. Since 1967, the program has been funded through a $2.2 billion revolving account which was funded by the sale of 5, 10, 15 and 20 year participation certificates through the Government National Mortgage Association (GNMA). These certificates will be retired soon with $4.7 million due in 1987 and the remaining $447 million due in 1988.

Because the College Housing Loan Program was established as a revolving account with no expiration date on its authority, the repayment of interest and principal on long term loans will continue to produce a steady stream of income which can be used to provide for any severe unmet need for college housing and energy conservation loans without requiring the appropriations of any additional funds. The Office of Management and Budget has consistently sought to close the program through the Appropriations Committees. The determination of whether or not the program should be continued is a matter of education policy and ought to be decided by the Committee on Education and Labor, not the Committee on Banking, Finance, and Urban Affairs. Therefore, I would like to propose that the authority for the College Housing Loan Program be transferred to the Committee on Education and Labor because it has a well-developed relationship with the Department of Education which administers the College Housing Loan Program, ready access to information from colleges and universities concerning the special needs of higher education, and the expertise needed to make judgments about higher education policy. This is consistent with the precedents established when Congress created the Department of Education. At that time, Congress transferred responsibility for the administration and operation of the program from the Department of Housing and Urban Development to the Department of Education. At the same time, jurisdiction over the appropriations for the program was transferred to the Subcommittee on Labor/Health and Human Services/and Education.

In 1965, Congress established the Higher Education Facilities Loan Program as Title VII of the Higher Education Act for the construction, reconstruction and renovation of undergraduate and graduate academic facilities. Since FY '82, there has been an authority for low-interest long-term loans but no authority for grants under this program. Little more than a trickle of funds has been appropriated since 1968 to meet the growing need for academic and research facilities at colleges and universities. In a very real sense, the current law has only barely been implemented because of the enormous dimension of the need for research and academic facilities and instrumentation. A collaborative effort between institutions of higher education and federal, state, and local governments is needed to restore and improve academic and research facilities at colleges and universities throughout the country.

We support the proposal to authorize such sums as necessary for low-interest loans to institutions of higher education for construction, rehabilitation and renovation of academic facilities to be made and insured by the Secretary from a revolving fund with a requirement that at least 20 percent of the total project cost come from non-federal revenue sources. We also support the proposal to authorize $100 million annually for the purchase of laboratory, research and other instructional equipment. The proposed $20 million authorization for the strengthening of research library resources should be increased to $100 million as well.

On behalf of our President, Rev. Timothy S. Healy S.J., I would like to thank the Committee for this opportunity to testify.

ADDITIONAL REMARKS

In addition to my remarks on the College Housing Loan Program and the Higher Education Facilities Loan Program, I would like to submit some additional remarks for the record on the need for an authority for loan consolidation, on the need for a serious appraisal of the role of tax-exempt bonds in providing a source of revenue

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for GSL/PLUS loans, and on some of the proposed changes in the Guaranteed Student Loan Program.

The ability to consolidate various student loans taken to pay for the costs of higher education is an essential element in constructing a financial aid package for qualified students because it enables students to negotiate graduated schedules of repayment over an extended period of time. As the costs of higher education increase, students need to be able to negotiate a graduated repayment schedule which allows them to make smaller payments in the first years after graduation when their income is apt to be lowest and when they face, for the first time, the costs of establishing themselves as contributing members of the work force—e.g. financing a home or apartment, transportation to and from work, health insurance, etc.—and to make larger payments in later years when their income is higher and they are better able to bear the burden of repaying their loans for higher education. A number of recent studies on manageable debt loads including one done by the Consortium on Financing Higher Education, show that a student can better afford to borrow large sums of money when the period of repayment is extended from 10 to 15 years. This is especially important to students who elect to do graduate or professional studies where additional borrowing beyond that borrowed at the undergraduate level is necessary to meet the costs of education.

Sallie Mae's (Student Loan Marketing Association) authority to operate a loan consolidation program expired on November 1, 1983. Some authority for loan consolidation needs to be restored as soon as possible. The authority for loan consolidation is very important from the federal perspective because the default rate on consolidated loans is very low, less than 1%. The ability to negotiate graduated and extended repayment schedules is critical to three classes of students—those who opt for an education in the liberal arts and humanities whose incomes immediately after graduation are generally lowest; those who opt for graduate and professional education who add to the principal of their; and to poor and minority students who might be deterred from going to private schools where tuitions tend to be more expensive and from going on to graduate and professional training because of their fear of not being able to meet their loan repayments in the early years after graduation.

We support the principle that all students should undergo a needs test to qualify for a Guaranteed Student Loan. This is the best interest of the government, the institutions, and the student. As I mentioned earlier, there is a growing concern in the education community about the equity of recommending ever increasing levels of student borrowing to finance the costs of higher education and a growing desire to determine manageable and responsible debt loads for students given various career options. We strongly oppose, however, the $65,000 maximum family income cap for eligibility for GSL loans as arbitrary and unfair. In many circumstances, an income ceiling for eligibility is a good way to reduce the potential for abuse of a program, but in the case of student loans, a needs test with clearly defined criteria for eligibility is a more equitable way of ensuring that GSL loans are directed only to students with genuine demonstrable need. The proposed $65,000 income ceiling takes no account of families who may have two or more children attending a college or university at the same time, of students enrolled at private institutions where tuitions are generally higher, nor any account of students enrolled in more expensive graduate or professional programs who may have already exhausted their family's savings. The Guaranteed Student Loan program is designed to help students to assume responsibility for bearing the costs of their education. Eligibility should be based on demonstrated unmet need rather than an arbitrary income ceiling.

The proposal to encourage all states to establish agencies to serve as lenders of last resort so that all students may have access to Guaranteed Student Loan is excellent, but may be meaningless if states do not have the ability to issue tax-exempt Student Loan Bonds (SLBs) to provide sufficient loan capital to make these loans. The Federal government provides interest subsidies for GSL/PLUS loans but does not provide the capital to make these loans available. Ordinarily, this capital comes from commercial lenders. If students are unable to find a bank which is willing to make GSL/PLUS loans, then state student loan agencies are needed to act as lenders of last resort. The primary source of capital for these authorities has been the use of student loan bonds.

The House Committee on Ways and Means is proposing an annual state-by-state volume cap of $150 per capita on private purpose IDBs and Student Loan Bonds. If states have to choose between issuing a limited volume of IDBs and Student Loan Bonds, this could result in dramatically limited sources of student loan capital in many states. As you know, the Department of Education now has the power to withhold special allowance payments on GSL loans funded with tax-exempt student loan

bonds if the Secretary has not first certified that an unmet need for loan capital exists in a particular locality. Because student loan bonds are not financially viable in most cases without these special allowance payments, the Department's ability to determine existing unmet needs is an adequate safeguard to control the unnecessary growth of SLB volume. I would therefore urge the Committee on Education and Labor to contact the Committee on Ways and Means in order to explain that student loan bonds ought not to be treated in the same way as private purpose IDBs, that adequate controls exist to ensure that SLBs will be issued only where they are genuinely needed, and that student loan bonds are needed in some jurisdictions to ensure that student loans are available to help students finance the costs of higher education.

LIST OF COLLEGE HOUSING APPLICATIONS—FISCAL YEAR 1983

State	Project No.	Type	Loan amount
Alabama:			
*Alabama State University	CH-AL-701	Housing	$1,894,256
*Tuskegee Institute	CH-AL-702	Energy	178,000
Huntington College	CH-AL-703	Housing	225,300
*Stillman College	CH-AL-704	Housing	1,277,100
Alabama Aviation and Technical College	CH-AL-705	Housing	1,147,512
University of Montevallo	CH-AL-706	Housing	3,394,398
University of Montevallo	CH-AL-707	Energy	216,140
Auburn University—Montgomery campus	CH-AL-708	Housing	2,383,122
Auburn University—Main campus	CH-AL-709	Energy	2,003,500
Troy State University	CH-AL-711	Energy	873,762
Livingston University	CH-AL-712	Housing	1,548,500
Wallace State Community College	CH-AL-713	Housing	966,568
Arizona:			
Northern Arizona University	CH-AZ-701	Housing	1,470,326
Navajo Community College	CH-AZ-702	Housing	2,101,294
Arkansas:			
University of Arkansas at Little Rock	CH-AR-701	Housing	1,314,500
*Philander Smith College	CH-AR-702	Housing	600,000
California:			
Mt. St. Mary's College	CH-CA-701	Energy	225,365
Porterville College	CH-CA-702	Housing	2,796,205
California Institute of Technology	CH-CA-703	Energy	3,500,000
California State University—Fullerton	CH-CA-704	Housing	3,500,000
California State University—Hayward	CH-CA-705	Housing	3,500,000
California State University—Los Angeles	CH-CA-706	Housing	3,500,000
California State University—Long Beach	CH-CA-707	Housing	3,500,000
California Polytechnic University—Pomona	CH-CA-708	Housing	3,500,000
California State University—San Diego	CH-CA-709	Housing	3,500,000
California State University—Sonoma	CH-CA-710	Housing	2,736,000
California State University—Stanislaus	CH-CA-711	Housing	3,345,000
Yosemite Community College	CH-CA-712	Housing	2,655,173
Mt. St. Mary's College—Chalon campus	CH-CA-713	Housing	1,097,638
University of Southern California	CH-CA-714	Energy	785,000
Colorado:			
Fort Lewis College	CH-CO-701	Housing	3,000,000
Connecticut:			
Wesleyan University	CH-CT-701	Housing	1,299,700
Yale University	CH-CT-702	Energy	106,414
Yale University	CH-CT-703	Housing	2,122,458
Delaware:			
University of Delaware	CH-DE-701	Energy	888,700
District of Columbia:			
*Howard University	CH-DC-701	Housing	3,500,000
American University	CH-DC-702	Energy	128,000
Catholic University	CH-DC-703	Housing	3,500,000
Georgetown University	CH-DC-704	Housing	3,500,000
Maharishi International University	CH-DC-705	Energy	100,000
Florida:			
Biscayne College	CH-FL-701	Housing	2,513,000

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LIST OF COLLEGE HOUSING APPLICATIONS—FISCAL YEAR 1983—Continued

State	Project No.	Type	Loan amount
University of Central Florida	CH-FL-702	Housing	1,999,950
*Bethune-Cookman College	CH-FL-703	Housing	899,000
Florida State University	CH-FL-704	Housing	3,500,000
*Florida Memorial College	CH-FL-705	Housing	2,998,093
Florida Institute of Technology	CH-FL-706	Housing	3,500,000
Florida International University	CH-FL-707	Housing	3,500,000
Georgia:			
*Morehouse College	CH-GA-701	Housing	2,830,500
*Morehouse School of Medicine	CH-GA-702	Housing	3,017,810
*Morris Brown College	CH-GA-703	Housing	2,104,400
*Paine College	CH-GA-704	Housing	1,781,830
*Clark College	CH-GA-705	Housing	1,840,936
Hawaii:			
University of Hawaii—Hilo	CH-HI-701	Housing	3,500,000
Idaho:			
North Idaho College	CH-ID-701	Housing	345,500
Illinois:			
DePaul University	CH-IL-701	Housing	$3,500,000
Southern Illinois University	CH-IL-702	Energy	330,000
Indiana:			
St. Joseph's College	CH-IN-701	Housing	1,395,400
St. Mary's College	CH-IN-702	Housing	3,500,000
Iowa:			
Mt. Mercy College	CH-IA-701	Housing	600,000
Western Iowa Dorms	CH-IA-702	Housing	3,465,890
Briar Cliff College	CH-IA-703	Energy	159,550
Palmer College of Chiropractic	CH-IA-704	Housing	3,500,000
Buena Vista College	CH-IA-705	Energy	230,000
Dordt College	CH-IA-706	Housing	647,300
Maharishi International University	CH-IA-707	Housing	1,080,000
Coe College	CH-IA-708	Housing	2,215,500
Clarke College	CH-IA-709	Energy	470,000
Kansas:			
St. John's College	CH-KS-701	Housing	864,825
Kentucky:			
*Kentucky State University	CH-KY-701	Housing	3,500,000
Louisiana:			
*Xavier University of Louisiana	CH-LA-701	Energy	168,000
Maine:			
St. Joseph's College	CH-ME-701	Housing	1,883,610
Maryland:			
University of Maryland—College Park campus	CH-MD-701	Housing	3,500,000
University of Maryland—College Park campus	CH-MD-702	Energy	1,980,000
Massachusetts:			
Boston College	CH-MA-701	Housing	2,500,000
Merrimack College	CH-MA-702	Housing	3,120,000
Tufts University	CH-MA-703	Housing	3,481,080
University of Lowell	CH-MA-704	Housing	3,500,000
New England College of Optometry	CH-MA-705	Housing	672,850
Newbury Jr. College	CH-MA-706	Housing	1,200,000
Michigan:			
Saginaw Valley State College	CH-MI-701	Housing	3,500,000
Kalamazoo College	CH-MI-702	Housing	1,140,492
Lake Superior State College	CH-MI-703	Housing	2,359,000
Minnesota:			
Bethel College and Seminary	CH-MN-701	Housing	3,493,500
Mississippi:			
University of Southern Mississippi	CH-MS-701	Housing	2,476,500
Delta State University	CH-MS-702	Housing	2,320,000
Copiah-Lincoln Jr. College	CH-MS-703	Housing	3,150,000
Miss. Gulf Coast Jr. College	CH-MS-704	Housing	3,325,555
*Tougaloo College	CH-MS-705	Housing	3,500,000
Northwest Miss. Jr. College	CH-MS-706	Housing	3,354,810

LIST OF COLLEGE HOUSING APPLICATIONS—FISCAL YEAR 1983—Continued

State	Project No.	Type	Loan amount
Montana:			
Dull Knife Memorial College	CH-MT-701	Housing	871,000
Missouri:			
Missouri Western St. College	CH-MO-702	Housing	2,001,500
St. Louis University	CH-MO-703	Energy	562,551
New Hampshire:			
St. Anselm College	CH-NH-701	Housing	796,000
New Jersey:			
Stockton State College	CH-NJ-701	Energy	300,000
Rutgers University—Newark	CH-NJ-702	Housing	3,500,000
Trenton State College	CH-NJ-703	Housing	3,500,000
Glassboro State College	CH-NJ-704	Housing	1,967,500
Rutgers University—Camden	CH-NJ-705	Housing	3,500,000
Rutgers University—New Brunswick	CH-NJ-706	Housing	3,500,000
Jersey City State College	CH-NJ-707	Housing	3,541,000
Ramapo College of New Jersey	CH-NJ-708	Housing	3,500,000
St. Peter's College	CH-NJ-709	Housing	1,100,000
New Mexico:			
Western New Mexico University	CH-NM-701	Housing	1,3[illegible],071
New Mexico Institute of Mining and Technology	CH-NM-702	Housing	2,781,893
New York:			
Culinary Institute of America	CH-NY-701	Housing	3,464,100
Long Island University	CH-NY-702	Housing	3,500,000
Columbia University of New York	CH-NY-703	Housing	3,500,000
Fordham University	CH-NY-704	Housing	2,000,000
Mohawk Valley Community College	CH-NY-705	Housing	2,233,875
Thomas C. Clarkson Memorial College	CH-NY-706	Housing	2,000,000
Manhattan College	CH-NY-707	Housing	3,500,000
Marist College	CH-NY-708	Housing	1,500,000
Columbia University—Teachers College	CH-NY-709	Energy	336,890
Iona College	CH-NY-710	Housing	600,000
Iona College	CH-NY-711	Energy	156,390
New York Medical College	CH-NY-712	Housing	1,283,000
New York University	CH-NY-713	Housing	3,500,000
Pace University—Briacliff	CH-NY-714	Housing	3,500,000
Siena College	CH-NY-715	Housing	3,500,000
Syracuse Univerity	CH-NY-716	Energy	4,211,800
Ithaca College	CH-NY-717	Housing	995,500
Bard College	CH-NY-718	Housing	696,000
Marymount Manhattan College	CH-NY-719	Housing	907,133
Rensselaer Polytechnic College	CH-NY-720	Energy	100,000
Rensselaer Polytechnic College	CH-NY-721	Housing	3,500,000
Skidmore College	CH-NY-722	Energy	229,000
North Carolina:			
Campbell University	CH-NC-701	Housing	3,000,000
Catawba College	CH-NC-702	Housing	77[illegible],000
High Point College	CH-NC-703	Housing	1,92[illegible],200
*St. Augustine's College	CH-NC-704	Housing	1,307,000
*North Carolina A&T State University	CH-NC-705	Housing	1,450,000
Pfeiffer College	CH-NC-706	Energy	122,500
Wake Forest University	CH-NC-707	Housing	3,700,000
University of N.C.—Greensboro	CH-NC-708	Housing	2,003,040
University of N.C.—Charlotte	CH-NC-709	Housing	1,000,000
North Dakota:			
University of North Dakota	CH-ND-701	Energy	1,001,778
North Dakota State University	CH-ND-702	Housing	3,000,000
Minot State College	CH-ND-703	Housing	700,000
Ohio:			
Ohio State University	CH-OH-701	Housing	3,500,000

LIST OF COLLEGE HOUSING APPLICATIONS—FISCAL YEAR 1983—Continued

State	Project No.	Type	Loan amount
Oklahoma:			
The University of Tulsa	CH-OK-701	Housing	3,500,000
Connors State College	CH-OK-702	Housing	1,836,915
Rogers State College	CH-OK-703	Energy	198,000
Oregon:			
Willamette University	CH-OR-701	Housing	923,665
Portland Student Services Inc.	CH-OR-702	Housing	3,413,272
University of Portland	CH-OR-703	Energy	107,870
Pennsylvania:			
University of Scranton	CH-PA-701	Housing	3,500,000
Bloomsburg University	CH-PA-702	Housing	3,100,000
Carnegie-Mellon University	CH-PA-703	Energy	350,000
*Lincoln University	CH-PA-704	Housing	3,187,450
Pennsylvania State University	CH-PA-705	Housing	2,475,500
Gannon University	CH-PA-706	Energy	112,260
University of Pennsylvania	CH-PA-707	Energy	250,000
Villa Maria College	CH-PA-708	Energy	195,000
Wilson College	CH-PA-709	Energy	397,980
California State University	CH-PA-710	Housing	3,094,800
Philadelphia College of Bible	CH-PA-711	Housing	4,468,500
Thiel College	CH-PA-712	Energy	297,993
Thomas Jefferson University	CH-PA-713	Energy	150,000
College Misericordia	CH-PA-714	Energy	100,000
Puerto Rico:			
University of Puerto Rico-Cayey University College	CH-PR-701	Housing	3,061,000
University of the Sacred Heart	CH-PR-702	Housing	3,497,888
Inter American University of Puerto Rico-Ponce Regional College.	CH-PR-703	Housing	2,445,700
Rhode Island:			
Salve Regina College	CH-RI-701	Housing	2,930,900
Brown University	CH-RI-702	Housing	3,500,000
Brown University	CH-RI-703	Energy	513,193
South Carolina:			
Anderson College	CH-SC-701	Housing	3,500,000
*South Carolina State College	CH-SC-702	Housing	4,268,200
Clemson University	CH-SC-703	Housing	2,983,100
Newberry College	CH-SC-704	Housing	1,000,000
Tennessee:			
University of Tennessee—Chattanooga	CH-TN-701	Housing	2,537,000
*Tennessee State University	CH-TN-702	Housing	3,500,000
Hiwassee College	CH-TN-703	Housing	249,100
Freed-Hardeman College	CH-TN-704	Housing	1,402,000
Texas:			
*Paul Quinn College	CH-TX-701	Housing	3,037,346
Cisco Jr. College	CH-TX-702	Housing	1,666,028
University of Texas—Arlington	CH-TX-703	Housing	1,954,000
Henderson County Jr. College	CH-TX-704	Housing	1,816,094
University of Texas—Austin	CH-TX-705	Housing	3,500,000
University of Texas—Tyler	CH-TX-706	Housing	1,898,500
University of Texas—San Antonio	CH-TX-707	Housing	3,500,000
Austin College	CH-TX-708	Housing	1,641,818
Bee County College	CH-TX-709	Housing	2,048,300
Laredo Junior College	CH-TX-710	Housing	1,408,612
Abilene Christian University	CH-TX-711	Housing	3,254,792
University of Houston—University Park	CH-TX-712	Housing	3,500,000
Navarro College	CH-TX-713	Housing	2,474,700
Stephen J. Austin State University	CH-TX-714	Housing	3,250,000
Texas Southmost College	CH-TX-715	Energy	150,000
Southwest Texas University	CH-TX-716	Housing	3,500,000
Abilene Christian University	CH-TX-717	Energy	429,235
*Jarvis Christian College	CH-TX-718	Housing	3,500,000
*Texas College	CH-TX-719	Housing	3,500,000
Utah:			
Utah State University	CH-UT-701	Housing	3,500,000

LIST OF COLLEGE HOUSING APPLICATIONS—FISCAL YEAR 1983—Continued

State	Project No.	Type	Loan amount
Vermont:			
Vermont Technical College	CH-VT-701	Housing	1,729,000
Norwich University	CH-VT-702	Housing	2,516,025
Southern Vermont College	CH-VT-703	Energy	104,235
Virginia:			
Roanoke College	CH-VA-701	Housing	1,875,000
Radford University	CH-VA-702	Housing	1,698,600
*Virginia State University	CH-VA-703	Housing	3,273,367
University of Virginia	CH-VA-704	Housing	2,070,008
Virgin Islands:			
College of the Virgin Islands	CH-VI-701	Housing	3,495,475
Washington:			
University of Washington	CH-WA-701	Energy	376,651
West Virginia:			
Shepherd College	CH-WV-701	Housing	2,000,000
Wisconsin:			
Marquettee University	CH-WI-701	Housing	2,695,500
Marquettee University	CH-WI-702	Energy	345,000
Beloit College	CH-WI-703	Housing	850,927
Cardinal Stritch College	CH-WI-704	Housing	3,500,000
University of Wisconsin—Stout	CH-WI-705	Energy	650,000
University of Wisconsin—Stout	CH-WI-706	Housing	1,460,000

*Historically black colleges.

PREPARED STATEMENT OF PATRICIA A. MULLEN, ASSISTANT DIRECTOR, UNIVERSITY OF MINNESOTA, MINNEAPOLIS, MN

Mr. Chairman and Members of the Subcommittee: My name is Patricia Mullen and I will be addressing the proposed amendments to the Higher Education Act of 1965, as amended, which affect the fellowship program usually called the Graduate and Professional Opportunities Program (G*POP). I am the G*POP Director for the University of Minnesota, and a regional resource coordinator for the G*POP schools in the states of Illinois, Iowa, Minnesota, North and South Dakota and Wisconsin. I am the assistant director in the Office of Equal Opportunity and Affirmative Action of the University of Minnesota as well. Consequently I have a keen interest in the results of this program as a person who is interested in promoting both the graduate education and the employment of women and minorities.

I am delighted with your interest in this subject and your willingness to undertake detailed planning early enough so that the changes you make will come in time to do the most good.

The chairman asked me to comment specifically on several questions about the Graduate and Professional Opportunities Fellowship Program referred to as G*POP. The first two questions [illegible] as to whether a proposed student stipend of $8,500 would be competitive enough to draw talented minority and women students, and how the financial need criteria should be applied.

Both of these questions received the attention of G*POP program directors at a workshop held on November 29 in conjunction with the meeting of the Council of Graduate Schools. There was unanimous feeling among the directors that their institutions (operating at a current stipend level of $4,500 last increased in 1981) were not able to make offers that were comparable even to awards offered to other students by their home institutions. For instance, at the University of Minnesota, graduate students who are awarded University fellowships for 1984–85 will receive a stipend of $6,500 for nine months for a guaranteed 3 year period. NSF fellows, a program similar in many respects to G*POP, will receive an award of $8,100 for twelve months in 1984–85. Neither of these programs has financial need as an eligibility component. The effect of offering a student substantially less than other students in the same institution, and often in the same department, is not a positive message that the student is valued equally with others; it is a confusing and negative message that although they will be expected to perform to an equal standard, their resources will be less. It is also confusing that while the G*POP student must certify to being in financial need, he or she is guaranteed to receive less than othe fellow-

ship holders. A stipend of $8,500, with some provision for an automatic increase to offset inflation would be an excellent first step toward improving the current situation.

Of course, there is also the competition of the job market to take into account when trying to determine whether $8,500 will be sufficient to attract good candidates. While our recruiters would like to see a figure closer to an industry salary (especially in difficult recruiting areas such as engineering and the sciences), we feel that meeting at least the norms for other graduate and professional programs will go a long way to help us. Our experience with students who are genuinely interested in intellectual and professional advancement tells us that they are aware that accepting a high entry level salary is a poor trade off against underpreparedness and future career stagnation. We lose students to industry when our offers to them (monetary and otherwise) are so out of line that they doubt either the value of what we offer or our sincerity.

As you are aware, the original eligibility criteria for G*POP did not contain a financial need component. The philosophy was that we were to attract the very best minority and women students and to prepare them for careers that would benefit them and our country. We were to justify in our annual proposals that the fields we proposed for study had national significance and that the groups we sought to serve were underrepresented within them. This very unusual feature of narrowing the fields we could offer at any one institution was meant to guarantee that our graduates would be productive and needed members of the workforce upon graduation.

Without changing those goals the financial needs test was added to the program in 1981. Most program directors feel that by far the majority of the students admitted in the first years of the program would have had no trouble meeting this test. So the objection to the criteria is not because of its practical effects but because it changes the philosophy and practice of the program. It makes G*POP the one federal fellowship program on the graduate level with a needs test. G*POP is also unique in being the one graduate level fellowship program for minorities and women; the conjunction of those two factors is very unfortunate. At the Nov. 29 session referred to earlier, directors were at one in stating that the eligibility criteria of financial need had a negative impact on the overall goals of G*POP. There were various methods proposed to overcome this, but there was a consensus that taking financial need into account as a factor in making selections for G*POP awards was a far better method than using it as an arbitary and absolute criteria.

The third question put to me by Chairman Simon's letter was whether the program would stand to benefit from a three year grant period. This would certainly be beneficial if both the authorization and appropriation period were for three years instead of one as is now the case. It would relieve uncertainty for current students as to whether their second and third year of funding was available and it would allow directors and faculty the lead time we need to secure the best new students. There is a critical difference in the years when our awards are announced in the late spring and when we receive information in January or February. Those are the months when the best students receive offers. At my own institution, two of the fields which lost students last year because awards came in May have more students then we can fund as a result of the announcements being made in early February. So, regardless of whether the grant period is lengthened, an early appropriation and competition is critical for maximum program effectiveness.

The final question asks me to comment on my experience as G*POP director with evaluating the program's effectiveness. Let me first comment from my own experience with the University of Minnesota's program and using my definition of "effective". That definition's primary element is that students who receive G*POP fellowships graduate successfully from their programs. The negative measure of that is to ask how many students discontinue their studies without attaining a degree. Currently for the University of Minnesota nine of 55 students who were awarded G*POP fellowships since 1978 have discontinued their work. This 17% is lower than the estimate of 25% which applies to all graduate students. (That 25% figure is based on the ratio of new students enrolled to numbers of students who graduated over a period of 10 years.)

The other critical element for the success of the program is the career experience of its graduates. It is somewhat early to report on this on a broad scale, but perhaps a few illustrations would be of help. These are drawn only from the University of Minnesota because I know it first hand, but when directors from schools across the country meet, these stories are repeated from every school. Many of the University of Minnesota graduates have moved into the national workforce, including General Mills, the legal corps of the U.S. Army, and the private practice of law and dentistry. Others are providing much needed services to ethnic communities. Three com-

munities (Hmong, Chicano, and Black) are being served by G*POP dental graduates who have located their practices among them—all three are women of color. In Duluth, Minnesota a G*POP Lawyer—a woman and a Chippewa—works in a legal aid office which serves many Native Americans. A black horticulturalist has joined the faculty of one of the historically black colleges bringing with him his new PhD and his collegial relationships with faculty at a major research institution—seed for future collaboration.

Dr. Anne Pruitt, newly appointed as Associate Provost for Academic Affairs at Ohio State, testified to this subcommittee in November in part, about graduation and placement statisti[illegible]ll not repeat her testimony, but simply add data available since that time. [illegible]le at the end of this report shows a total of 147 PhD degrees awarded during [illegible]eriod 1981-82 to 1983-84 ('83-'84 are estimates.) They are distributed as follows:

Life Sciences, 56 (38%).
Engineering/Computer Sciences, 22 (15%).
Physical Science, 45 (31%).
Social Sciences, 14 (9.5%).
Professions, 10 (6.5%).

The total of masters degrees attained in this same period is 410, and 151 students have received J.D. degrees. Counting graduates from earlier years, close to 1,000 fellows will have graduated by the end of this academic year. We feel that this is a substantial achievement for a program only six years old which aims not only at groups which have been historically outside of the mainstream in graduate and professional education, but which attempts to redefine the fields of study they are pursuing as well.

Chairman Simon was good enough to give me leeway to add my own remarks. I will make only two. One is a plea to provide in the financial realignment of the program for an increase in the amount made available by the grant to cover the cost of student tuition an/or fees. Currently we receive $3,900 for this purpose; a figure which has not increased since 1978. Although the situation varies from one institution to another, and from one program to another, there is no school which has not felt the pressure of inflation. A survey conducted in 1982 by the Council of graduate Schools in the United States (CGS) and quoted in the Brademas report reveals that 75% of the schools surveyed had increased expenditures for minority graduate students. We are trying to use what resources we have to meet the needs; however, those resources are dwindling. Programs that have to supplement the $3,900 to meet the cost of instruction may be forced out of the G*POP or will have so little flexibility in meeting other student needs that their effectiveness will be greatly hampered. An increase for the cost of instruction in the range of $5,500-$6,500 would be a substantial help.

I sincerely hope that my last remarks will fall on the ears of the converted, but so that there can be no doubt at all let me stress the importance of the continued growth of G*POP. I stress both growth and continuation because as Dr. John Brademas and his commission observed the graduate education enterprise is generally threatened: "Let me here then summarize the major causes of concern that our Commission members concluded affect student financial assistance for graduate study in the arts and sciences. First: There has been an absolute decline in federal stipend support at the same time that national needs for advanced research and expertise are rising. Second: There has been a shift from student aid to loans, a shift that dissuades many of the best students from pursuing graduate degrees. Third: Both of these trends especially discourage minorities and women from graduate work." In the efforts of the education community to assess which programs are most successful in assisting with the education of persons who are underrepresented at least one factor is clear. No program succeeds that lacks continuity. Programs that sail through the air like comets—no matter how spectacular in the short run—have little value if their duration is short. Certainly we get better ideas as we go along and modification is necessary, but the destruction of a program like G*POP at this stage would cost the following: the loss of national visibility for this program; the frustration of faculty who have worked in the program and established good recruiting systems; the feeling among students that there is a national consensus that their work is important, that they have something to contribute; and loss of potential from students as young as high school freshmen who have heard of this opportunity and look to it as a goal for which to strive.

This is a program that works; it allows students to do what they need most—get an education. It allows the education community to do what we are mandated to do—educate. That may not sound fancy, but it is as noble and as low risk an enter-

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prise as we have available. We appreciate your continued support and interest on behalf of G*POP.

THE GRADUATE AND PROFESSIONAL OPPORTUNITIES PROGRAM (G*POP), FY 1978-83

Excluding the FY 1984 awards for which we have no information as yet on the students who will be filling these fellowships, the first six years of awards show that a total of 2521 new fellowships have been awarded to students. Of the total allocated for the six years, the following underrepresented groups have benefitted.

	Percent of total
Blacks	52
Hispanics	19
Native American	4
Asian American	4
Majority women	21
	100

Overall 56% of the fellowships have been held by women.

For the six years, these students have studied in the following academic and professional areas:

	Percent of total
Engineering	13.3
Physical science	19.0
Life science	19.0
Social science	12.0
Psychology	6.0
Arts and humanities	2.0
Professions:	
Law	12.0
Business	6.5
Other	5.2
	100.0

Enough time has elapsed since 1978 so that sizeable numbers of students are graduating with advanced degrees. For academic years 1981-82, and 1983-84 (est.) a total of 147 students will have graduated with doctoral degrees, another 410 with masters degrees and 151 with law degrees. Counting graduates from earlier years, close to 1000 fellows will have graduated by the end of this academic year.

Attached tables give further details.

G*POP Ph.D.'s

	1981-82	1982-83	1983-84	Totals
Engineering/computer science	9	5	8	22
Physical science*	13	9	23	45
Chemistry	5	7	13	25
Physics	3	0	4	7
Math/stat	3	1	6	10
Geology	2	1	0	3
Life sciences	20	16	20	56
Pharmacy	6	3	5	14
Biology	5	2	3	10
Microbiology	2	0	2	4
Medical science	4	4	2	10
Biochemistry	1	1	0	2
Agronomy	1	1	4	6
Botany	0	0	1	1
Horticulture	0	1	0	1
Veterinary science	1	4	3	8

G*POP Ph.D.'s—Continued

	1981-82[1]	1982-83	1983-84[1]	Totals
Social sciences	5	1	8	14
Psychology	3	0	2	5
Economics	1	0	2	3
Sociology	0	1	1	2
Political science	0	0	1	1
Human services	1	0	0	1
Public affairs	0	0	2	2
Professions	8	1	1	10
Higher ed. admin.	8	1	0	
Home Economics	0	0	1	
Totals	55	32	60	147

[1] Estimated.

G*POP MASTERS DEGREES AND JD'S

	1981-82	1982-83	1983-84	Totals
Masters	174	115	121	410
JD's	64	25	72	161
Totals	238	140	193	571
Ph.Ds	55	32	60	147
Totals	293	172	253	718

Data supplied by U.S. Department of Education, Office of Postsecondary Education, March 1984.

PREPARED STATEMENT OF KENNETH G. RYDER, PRESIDENT, NORTHEASTERN UNIVERSITY

Mr. Chairman and Members of the Subcommittee: For many years I have urged the expansion of the cooperative education section of the Higher Education Act. It is gratifying that the Subcommittee has recognized in its reauthorization bill the success of the cooperative model of education at many colleges and universities across the country, as well as the critical role of the federal government, by substantially increasing the level of authorizations for Title VIII.

Even more important than the increased opportunity for funding, however, is the Subcommittee's determination that the most appropriate federal role for the future is to encourage the movement toward comprehensive programs of cooperative education. Large-scale cooperative programs are better equipped and staffed to develop sophisticated and effective job placement and job counselling procedures, to maintain a large and varied network of businesses where students can be placed in jobs, and to nurture faculty support and expertise in the cooperative form of education.

The subcommittee has wisely decided that there is also a federal role in assisting well-established, large-scale cooperative institutions like Northeastern University, Drexel University, the University of Cincinnati, and the Rochester Institute of Technology to create innovative patterns for cooperative education, such as in international co-op, graduate school co-op, and industrial and professional retraining applications of co-op. Providing an incentive for these successful, comprehensive cooperative universities to continue their development and experimentation is essential.

Expansion of cooperative education as an educational form and as an efficient means of student financial assistance can help to lessen the effects of some of the periodic crises in higher education while providing the nation with workers who can contribute productively to economic growth in our society. Continued federal support will encourage this promising revolution in American education and make cooperative education available to a larger segment of the college and university population. All of us who are part of the cooperative education movement in this country applaud the subcommittee for its progressive approach to Title VIII of the Higher Education Act.

PREPARED STATEMENT OF NORMAN MANASA, DIRECTOR, THE WASHINGTON EDUCATION PROJECT, INC.

This is a great honor for me, and I should like to begin by thanking Chairman Simon and all the members of the subcommittee for the opportunity to explain this project.

The Washington Education Project is an academic program which is designed to inject experience into the education of college students by putting them to work teaching reading, writing, and mathematics to the illiterate poor. This is an attempt to provide undergraduates with courses in the humanities and social sciences that bring together the reality and theory of disciplines such as sociology, education, economics, and so forth.

Undergraduates would enter this project by registering in 3 credit, pass/fail courses and would tutor 6 hours per week in selected community agencies, such as public schools and jails. In addition, the undergraduates would meet each week in a seminar with their monitoring professor where the theory of the discipline in which they are registered (for example, sociology) is explained in light of their experience in the community. Since these are elective courses, all undergraduates may participate, regardless of their major field of study.

The undergraduates benefit in four ways:

First: They obtain real-world experience which gives them a better understanding of the humanities and the social sciences.

Second: They obtain an experiential background which will help them to make a sensible choice of a major and a career.

Third: They obtain work experience which will help them to get a job upon graduation.

Fourth: They learn compassion by being compassionate.

But this project also provides the kind of help which the poor desperately need. One must be skilled in reading, writing, and mathematics in order to create wealth in a technological society. Without these skills, the poor will always remain poor, regardless of whatever other services they may receive, and they will not obtain these skills without long-term, reliable tutoring.

The undergraduates would provide this tutoring by working in established community agencies as a supplement to education programs that already are in operation in these agencies. Each undergraduate would tutor on a regular schedule throughout the semester (for example: Monday, Wednesday, and Friday from 9:00 to 11:00 A.M.), and would sign in and sign out for each tutoring session.

Although these are elective courses for the college students, making this a voluntary program, once they are enrolled, the aspect of volunteerism ends and they must do the 6 hours of tutoring each week. Academic credit, therefore, guarantees the attendance of the undergraduates, and permits this project to provide the illiterate of the community with tutors who are reliable, competent, and absolutely free.

The Washington Education Project has eight major characteristics:

First, the project described here actually works. It is based upon an experimental model that ran at the University of Miami from 1969 to 1973, one that sent over 1,000 undergraduates to tutor in 14 community agencies.

Second, college courses that mix experience and theory at the same time (that is to say, the kind of courses this project describes) often offer undergraduates a better education than can be gotten through traditional classroom lectures. This, of course, is nothing new. A mix of experience and theory has been considered to be the highest form of learning in Western culture since the time of Galileo.

Third, these courses are not "internships" for a few select undergraduates but elective courses, making all ten million undergraduates in the country eligible to participate. As a result, the Nation's undergraduates may represent the only manageable resource that can match the country's illiteracy problem on its own scale.

Fourth, it must be said that the traditional classroom structure of 1 teacher and 25 students is not working for large numbers of children and adults. These people need to be taught by an even older method of instruction, that is tutoring, and it is tutors that this project provides.

Fifth, working as tutors, undergraduates would create vast amounts of new wealth, would bring practical help to the illiterate poor, and would help to heal the wounds of the Nation. And this is a burden that, even as undergraduates, they have an obligation to bear.

Sixth, this project is not designed to provide the poor with one more subsidy. This project is designed to transfer to the illiterate poor the power to create wealth, both for themselves and for the Nation, in the coming technological age. In a word, literacy.

Seventh, since colleges are structurally alike, this project could be readily developed at institutions of postsecondary education all across the country.

And eighth, this project has two economies: One that might be called the microeconomy and one that might be called the macroeconomy. The "microeconomy" is that economy of operation which is at the heart of this project in that there are no capital expenditures to erect new buildings or to rent storefronts; there is no outlay for special books or instructional materials; the tutors are not paid—indeed, they pay tuition to take the courses that permit them to do the tutoring.

The Washington Education Project is designed to use the buildings that already exist (such as schools, jails, and head start centers), and the books and teaching materials that have already been purchased. In this project, the classroom teacher would tell the undergraduate which of the students is to be tutored, and in what subject and with what book, and the tutoring takes place in the back of the classroom with the learning environment in force and the classroom teacher right there to provide any help that may be necessary.

Using this approach, the tutors do not require "training" and are profoundly effective from virtually the first week of the semester. And there is nothing mysterious about this tutoring process. It is done at the level of helping the kids from the neighborhood with their homework and is an honorable method of instruction as old as learning itself. Even Alexander the Great had a tutor.

The "macroeconomy" of this project is directly tied to a historical change in the nature of work itself. Since the beginning of this country, millions of American could find honorable work, even if they were barely literate, since they were needed to lift and move, plant and reap the things the Nation produced. Now, with this work being done by machines and robots, we have large numbers of illiterate Americans who are not so much unemployed, as they are unemployable. There is no longer any choice but to train these people in the literacy that is required for the creation of wealth in the modern age.

To do this tutoring, we have ten million undergraduates who constitute a vast, untapped resource, who consume great amounts of public subsidy, and who create virtually no wealth while they are in college. Through a project of the sort described here, undergraduates would create massive new wealth by transferring literacy to the illiterate poor all across America, and world empower these people to create wealth over the course of a working lifetime. And the undergraduates would get themselves a better education in the bargain.

As a last word, it should be pointed out that much that has gone wrong in American education is not, in my opinion, the fault of the classroom teacher. Many people, adults as well as children, are simply unable to learn in a class with 25 or 30 other students. They require the sort of individual attention that tutors can provide, but that the classroom teacher simply cannot.

If this project provides a classroom teacher with 2 undergraduates working as tutors, the undergraduates will produce 120 hours of tutoring over the length of a semester. The tutors would be completely reliable, and accountable, and absolutely free.

And the tutors are profoundly effective. As the principal of a school for emotionally disturbed adolescents in the Miami program has written:

"The service that the tutors perform is irreplaceable. They bring a vital freshness and objectivity to our students' situation, which is often lost with 'volunteer' organizations. Their help makes possible the individual attention and instruction that our students so need. Because of these factors, our *remedial reading students have had reading level gains of one to two years within a three to five month period of tutorage.*" (Emphasis supplied.)

I have mentioned that 2 undergraduates would produce 120 hours of tutoring a semester. A thousand undergraduates, however, would produce 60,000 hours of tutoring a semester for any school system that needed the help. And 100,000 undergraduates would produce 6,000,000 hours of tutoring a semester—all across the Nation, with every single hour accounted for.

And this is something which is able to be done, Mr. Chairman, since 100,000 undergraduates is only one percent of the ten million college students in the Nation who must take elective courses to get a degree.

If I may, Mr. Chairman, I'd like to submit the remainder of my remarks for the record. Thank you.

The main justification for this project, however, is not that it creates wealth, but that it teaches undergraduates things they need to know which cannot be learned in the classroom alone. It is contended here that experience is the "sine qua non" of much of education, and that this project permits undergraduates to participate in the "reality" of the humanities and the social sciences as they exist beyond the

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campus walls. It is this experience, together with the reflection and analysis provided in weekly seminars with the monitoring professors, that is essential to an understanding of what these disciplines have to teach.

Although the undergraduates in this project do tutoring in community agencies, it is their steady participation in jails and ghetto schools over a prolonged period of time that lays the groundwork for an understanding of the discipline in which the undergraduate has registered. Undergraduates in this project do not "survey" community residents or conduct "studies" about them. Instead, the undergraduates enter into the lives of the illiterate poor through the medium of fractions and spelling. It is the tutorial process, rather than arms-length reserch, that creates genuine achievement and a common bond of understanding between the poor and the rich, the infirm and the well, the imprisoned and the free.

In addition, this project reverses the traditional roles in the training of undergraduates since it places the undergraduates in an "active" role as learners, rather than having them fulfill the "passive" role of sitting in classrooms listening to lectures. Undergraduates in this project obtain knowledge through what they "do" in the community, together with what they "hear" in the weekly seminars with their professors. As a direct consequence, the traditional role of the college faculty is also changed. They do not take on the "active" role of lecturing to classes, but, instead, take the position of one who "guides" the undergraduates through the learning experience these courses provide.

A word might be said here about the education that is obtained by the people in the community agencies who are tutored through this project:

First: This project provides community residents with regular and competent training in the use of letters and numbers, skills that they must have if they are to be employable in a technological society.

Second: People who are tutored in this project learn the most basic lesson of all, which is that they are capable of learning. Most of us take this for granted. To the illiterate poor, however, who often have had a difficult time in school, this is the lesson that must be learned before anything else can be mastered.

Third: The tutors transfer other kinds of lessons to those they tutor, such as the values of punctuality, neatness, and hard work. To be employable, these lessons are as important as any other.

Fourth: The community residents learn something of their own importance as people, which is demonstrated by the day-after-day attendance of the tutors from the university. After all, if the community people were not important, the tutors simply wouldn't bother to show up.

When this project is in operation at a college, it would have five main parts:

First: The project director—since this is an academic program, the project director would be a member of the university faculty and would have responsibility for the over-all operation of the project. Among other things, the project director would match university departments with community agencies which have some relation to the department's field of study. These matchings, of course, would require the approval of the departments that are offering the courses. (The actual courses used at the University of Miami, by the way, were 400 and 500 level courses, called "independent study", "directed readings", and "special topics". These courses were already in the university bulletin and were taken for 3 credits and on a "pass/fail" basis.)

Second: The faculty representatives—these are college faculty members who monitor the undergraduates and meet with them each week in seminars where they provide the theoretical background for the students' experience in the community, as well as supervision, review, advice and evaluation. The faculty representatives also make site visits and award academic credit. It should be pointed out that, as a practical matter, students who do the required course work are awarded academic credit. However, the decision to award credit remains with the college faculty.

Third: The student coordinators—these undergraduates already have had one semester's experience in the project as a regular student. They are then asked by the project director to assume the responsibility for the operation of an individual community agency, such as the Dade County Stockade. They schedule work hours for the undergraduates at that agency, arrange transportation, keep attendance records, and help establish effective tutoring situations. In the operation of an agency, the student coordinator does most of the legwork. The time required of a college faculty member or agency representative, therefore, is about 4–6 hours per week. The student coordinators also meet each week with the project director to review matters at their agency, particularly the attendance of the undergraduates.

Fourth: The agency representatives—These are staff members appointed by the head of the community agency who have primary responsibility for the effective placement of each college student within the agency.

Fifth: The participating college students—those who enroll in the course and choose, from a list of community agencies provided at registration, where they will tutor for the semester.

There are several other operational aspects of this project that should be mentioned:

First, no one would be required to participate. Individual departments within a university would vote to offer these courses, which the undergraduates would take as "electives", rather than as "required" courses.

In the community agencies, particularly the public schools, classroom teachers would not have tutors assigned to them automatically, but would have to request them from their school principal. In Miami, the principal would announce at a faculty meeting that tutors were available, and those teachers who wanted tutors in their classroom simply raised their hands.

Second, this project is designed to do tutoring in the community, which is to say that there are many things it does not do. As far as the community is concerned, the undergraduates are not there: (1) to help people get food stamps or legal services, (2) to negotiate landlord-tenant disputes, (3) to engage in political or labor organization, (4) to "reform" the community institutions in which the undergraduates work.

As far as the community institutions themselves, particularly the schools, are concerned, the undergraduates in this project are not: (1) teacher assistants or interns, (2) they are not there to correct papers, or to be cafeteria monitors, or to do office work for the principal.

The undergraduates are in these agencies to transfer to the illiterate poor the power to create wealth in the technological age, that is, reading, writing, and mathematics. With the exception of the occasional class field trip, the undergraduates do tutoring and only tutoring.

Third, it must be pointed out that this is a simple project, and it works precisely because it is simple. Its basic ingredients are reliable tutors working in established community agencies under the direct supervision of the classroom teacher.

Beware of those who love to complicate things. After I had explained the project to a group in Washington recently, . . . here the Winebago/computer story.

Fourth, the project is designed not to waste anyone's time, particularly that of the university faculty or the agency representative. The key ingredient here is the student coordinator who manages an individual community agency, seeing to it that the undergraduates at that agency know where to go, and who to see, and what to do. The coordinators handle scheduling, transportation, and communications. They keep attendance records and set up the weekly seminars with the professors. All this is to say that they perform the essential day-to-day leg work which neither the professors nor the agency staffs have time for.

To summarize, it is the premise of this project that working as a tutor in a ghetto school, or in a jail, or in a migrant camp provides the undergraduate with an understanding of economics, sociology, education, management, philosophy and so forth which is at the heart of these disciplines and which can only be gotten through this sort of experience. Combined with weekly seminars with university faculty, these courses provide the undergraduates with a "guided experience", rather than random experience without reflection, or endless classroom theory without the touchstone of reality. As an economics professor from the Miami program has written:

"This practical experience gave the undergraduates insights into social realities which would have been nearly impossible to impart in a pure classroom environment, and this also made them think much more critically about many concepts which they had encountered on a purely intellectual level. Coming from a quite abstract discipline like economics, I found this particularly gratifying."

It should also be pointed out that, since this project transfers literacy to the illiterate poor, it is a direct application of the axiom of the "greater good"; that is to say, that it is better to teach someone how to fish than it is to simply give them a fish.

About 10–15% of the undergraduates who enrolled each semester dropped out within the first 3 weeks. Those who remained generally completed the course.

I should also like to mention that this project is preparing for development on a national scale. This "red packet" has two operational outlines which have been distributed to 43 newspapers across the country with a view to starting this project in the cities where these newspapers are published.

ATTACHMENTS

(a) Letter from the head of a Miami agency,
(b) The course requirements,
(c) Departments in the Miami program,
(d) Community agencies where the undergraduates tutored.

SUMMON PROGRAM

The SUMMON Program has been functioning at J.R.E. Lee Center for more than five semesters. The tutors have been under the supervision of a University Professor, Student Coordinator, and our school's Reading Director.

The tutors work in one-to-one situations with our emotionally disturbed, junior high students. They are remediating those students who are reading on primer to third grade levels. Their two-fold objectives are to establish rapport with strong interpersonal relationships and to remediate the deficit reading skills.

Since all of the tutors are freshmen through juniors and have had no prior teaching experiences, our program is so structured as to allow them freedom for innovative techniques within a framework of accepted educational practices. They are instructed in the use of our reading methods and materials by the Remedial Reading teacher and the University advisor. In addition, the tutors meet in bimonthly evening sessions to discuss interpersonal and instructional dynamics with our teacher and the advisor.

The tutors work with their students for one forty minute period each school day. They have continued to be extremely conscientious about meeting their schedules. The service that the tutors perform is irreplaceable. They bring a vital freshness and objectivity to our students' situation, which is often lost with "volunteer" organizations. Their help makes possible the individual attention and instruction that our students so need.

Because of these factors, our remedial reading students have had reading level gains of one to two years within a three to five month period of tutorage. Since we have a real need for the SUMMON people in providing a more comprehensive and effective program for our students, Lee Center tries to be the first in line when the tutors are assigned at the beginning of a semester.

WHAT A STUDENT IN THE WASHINGTON EDUCATION PROJECT IS REQUIRED TO DO

Undergraduates who participate in this project do so by enrolling in a 3 credit, pass/fail, elective course in one of several university departments. In order to receive academic credit, students in the Miami project (1969-1973) were required to:

(1) Tutor 6 hours each week for the semester,
(2) Attend one seminar with their supervising professor each week,
(3) Submit a one-page report each three weeks,
(4) Maintain a private journal of their experiences,
(5) Submit a final paper at the end of the semester.

ELIGIBILITY

All university students, with the exception of first semester freshmen, were eligible to take these courses several times during their undergraduate career. It did not matter what their major field of study was.

UNIVERSITY DEPARTMENTS THAT MIGHT PARTICIPATE IN THIS PROJECT

University departments that participate in this project would register undergraduates in 3 credit courses, taken as electives and on a pass/fail basis. Participating departments might include: *(1) Sociology, *(2) Economics, *(3) Speech, *(4) Elementary Education, *(5) Educational Psychology, *(6) Education: Administration and Curriculum, (7) Psychology, *(8) American Studies, (9) Philosophy, *(10) Management, *(11) Geography.

REPRESENTATIVE COMMUNITY AGENCIES

College students in this project do tutoring and they can do it effectively in almost any community setting. Below is a representative list of agencies from the Miami project:

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* Departments that participated in the Miami project (1969-73).

(1) The After School House—a community school for young children in the impoverished area of South Miami.

(2) Boystown—a home for dependent boys maintained by the Catholic Archdiocese of Miami.

(3) Carver Junior High School—an integrated county school for seventh and eighth graders.

(4) The Dade County Jail—literacy training in the men's division.

(5) The Dade County Jail—literacy training in the women's division.

(6) The Dade County Stockade—sentenced prisoners were prepared to take the State High School Equivalency Examination.

(7) Haven School for the Handicapped—a private facility for moderately handicapped children and adolescents.

(8) J.R.E. Lee Community School—a county school for emotionally disturbed adolescents.

(9) Montanari Residential Treatment Center and Clinical School—a private facility for emotionally disturbed adolescents.

(10) Saint Alban's Day Nursery—a day care center in the Black community of Coconut Grove.

(11) South Miami Junior High School—a newly integrated county school.

(12) Spectrum House—a private, residential treatment center for people addicted to hard drugs.

(13) Tucker Elementary—a newly integrated county school for grades K–4.

(14) Dade County Youth Hall—a detention center for juveniles.

PREPARED STATEMENT OF ROY L. WOOLDRIDGE, VICE PRESIDENT FOR COOPERATIVE EDUCATION, NORTHEASTERN UNIVERSITY, BOSTON, MA

Mr. Chairman and distinguished members of the subcommittee: My name is Roy L. Wooldridge. I am Vice President for Cooperative Education at Northeastern University, the nation's largest private university and also the largest cooperative education institution of higher learning. I am also former president and current vice chairman of the Board of Trustees of the National Commission for cooperative Education, a nonprofit organization founded in 1962 to advance the cause of cooperative education.

I come before you today to speak to the issue of reauthorization of Title VIII of the Amended Higher Education Act of 1965 on behalf of President Kenneth G. Ryder of Northeastern University. He regrets that he could not appear here today in person but asked me to submit the accompanying statement on his behalf.

From my point of view, Mr. Chairman, you are to be highly commended for your wisdom and vision in recommending reauthorization with a view toward expanding access, enhancing quality, and improving program efficiency while fulfilling the appropriate Federal role in higher education. Title VIII should be reauthorized as a separate line item within the Higher Education Act for a full five-year period. Cooperative education is much too important in meeting the needs of our nation's youth in higher education to allow its funding for growth to be jeopardized by elimination of its line item status.

For those members of the Subcommittee who may be unfamiliar with postsecondary cooperative education, it is an educational strategy which formally combines academic study with productive work. It was initiated in 1906 by Herman Schneider, a University of Cincinnati engineering professor, as a way of supplementing theory with actual work experience. Since many students worked part-time anyway, this novel approach allowed students to earn money in a job that would enhance their educational experience.

Today, over 900 colleges have adopted the cooperative education plan to meet the needs of their students. As a result of over 75 years of experience, educators, employers, and students have concluded that there are many benefits that result from participation in cooperative education not only for cooperative education students, but also for colleges, employers, and ultimately, society.

STUDENT BENEFITS

One of the major reasons students participate in cooperative education is to enhance their career development. They want to be aware of what is involved in their chosen career, and they may want to try various co-op jobs if they are not sure what career they wish to pursue. They also wish to acquire skills and experience related to their career objectives.

Students also choose co-op programs so they can have a better chance to find meaningful employment after graduation. A number of national studies, which compared the experiences of co-op and nonco-op alumni found that significantly more of the co-op alumni felt well-informed about postgraduation job opportunities and highly prepared for their first job. Graduates of co-op programs are more likely to have a better understanding of the workplace, greater certainty about their career choice, and more experience in the skills involved in searching for a job. They also have the opportunity to determine, in a non-threatening situation, whether they want to work for a company after graduation. On the average, 40 percent of co-op students continue to work for their former co-op employer after graduation.

Another major benefit realized by co-op students is financial. The salary earned by co-op students helps to defray the costs of going to college. Cooperative education income varies according to a number of factors, including academic major, number of terms with the same co-op employer, geographic region and type of employing organization. A 1982 study found that co-op students in four-year liberal arts programs earned an average of $875/month and engineering co-ops earned approximately $1100/month. Other majors earned salaries that ranged between those two figures and co-op students in two-year colleges tended to earn a little less per month. This income can obviously have a significant impact by making it possible for many people to attend college who otherwise might not be able to afford to do so.

Cooperative education is unique in its approach to integrating theory and practice. As students progress through a cooperative program, they are likely to perceive the relevance of their studies and become more motivated to continue their education. Some individuals, who are uncertain of their ability to succeed in college, perform well on their co-op jobs and gain the extra confidence needed to perform well in their studies. Data from two studies of engineering students found that co-op students, when compared to an academically similar group of nonco-op students, perform better academically; i.e., have higher cumulative grade index, fail fewer courses, and attain higher scores on their Graduate Record Examinations.

Cooperative education helps students to mature. The addition of cooperative work experience to the traditional college curriculum broadens the opportunity to develop interpersonal skills. By meeting supervisors and fellow workers of different backgrounds, the student learns a great deal about getting along with people. Further, the work experience provides new opportunities for independent action and to make decisions and observe the consequences. This helps a student develop a stronger sense of self-confidence and responsibility.

Although each student and each cooperative education experience is unique, the following quote from a student at the University of Detroit embodies what the experience can mean to a student: ". . . co-op forced me into a sort of self-search, and I began to consider seriously questions that I had never really thought about before. Through co-op I began to realize the values of my liberal education and the real lessons it teaches."

INSTITUTIONAL BENEFITS

Many colleges promote their cooperative education programs as a means of recruiting students to the college. Institutions actively sell their co-op programs as an integral part of their Admissions effort, e.g., in slide shows and brochures for prospective students. For some programs, data show that students attend a particular college primarily so they can participate in cooperative education.

Once students are attending a college and participating in a co-op program, there is evidence which indicates they are more likely to remain at the college and graduate. Since retention of students is a concern for most institutions of higher education, enhanced retention rate is a major benefit.

Another advantage experienced by colleges with co-op programs is that curriculum can be kept relevant and current by having ongoing dialogue with employers. Students coming back from co-op jobs may raise questions in class about new techniques, theories, or equipment. Employers let college staff know whether students are adequately prepared for the workplace, from technical knowledge to work skills to basic skills in reading and writing.

A few of the large and well-established cooperative education programs have realized a financial benefit by their participation in cooperative education. Since approximately half of the student body is off-campus on co-op at any given time, the institution is able to accommodate more students with the same resources.

EMPLOYER BENEFITS

Cooperative education students are excellent employees. The overwhelming majority of employers believe that co-op students perform as well as or even better than regular employees performing comparable duties and that productivity increases from one co-op term to the next. Thus employer benefits increase for the many students who stay with the same company for more than one term.

In addition to competently accomplishing a job, co-op students help employers by freeing higher level and higher paid full-time workers to perform more complex tasks. Work that is routine for full-time employees may be interesting and important for entry-level workers such as co-op students. In fact, 70 percent of a sample of employers in the New York City area agreed that "participation in cooperative education provides us with greater flexibility in manpower allocation of regular personnel." Hiring co-op students to work on special projects or during peak work load periods is another example of how participation in co-op can generate released time for full-time staff. Using co-op students enables employers to make optimal use of their full-time staff while assuring that the work gets done in a timely and effective manner.

Some researchers have found that co-op students have a positive effect on the motivation and enthusiasm of their regular employees. A quote from a self-study of the Georgia-Lockheed co-op program explains: "The infusion of bright, young people from an educational environment can provide many ideas and viewpoints which can be refreshing and stimulating."

One of the most compelling reasons for employer participation in cooperative education is the potential to effectively screen, select, and recruit students for permanent employment after graduation. Research confirms that many employers, particularly large organizations, participate in co-op because they believe this is an effective way to recruit highly qualified employees. Cooperative education provides employers with an excellent means of evaluating prospective candidates in a non-threatening manner. Co-op serves as a period of trial employment without either party having to make a long-term commitment and with both parties having the opportunity to look each other over so as to make a suitable match.

A number of studies provide evidence that co-op is indeed a valuable recruitment tool. One study found that:

(1) The median number of job offers/number of candidates interviewed for the job—was nine times higher for co-op candidates than for other recent college graduates. Co-op students have already been prescreened prior to an employment interview and so valuble time is not wasted interviewing candidates who are unlikely to be qualified for the job.

(2) The higher ratio of job acceptances/number of offers made for co-op candidates (94%) as compared to other candidates (58%) suggests that the prospective employee who was a co-op student has also used the co-op experience to determine interest in the company.

(3) the "recruiting yield"—the number of acceptances/number of candidates interviewed—was thirteen times as high for co-op candidates (40%) as for other recent college graduates (3%).

Employers who used cooperative education as a recruitment tool will typically be able to hire about 40 percent of their co-op students as full-time employees. This figure can be even higher, depending upon the type of co-op plan. Indeed, some companies and/or some departments within large organizations will only hire employees that they have had the opportunity to pre-screen through the cooperative education program. Other companies use the co-op program as an effective way to facilitate their affirmative action recruitment program.

Employers continue to receive further benefits once the co-op employee becomes a full-time worker. Over half the employers in one employer study agreed that they expect their cooperative education graduates to move up to the career ladder more rapidly than their nonco-op counterparts. Data collected in other studies show that co-op graduates received merit raises and job promotions more frequently than nonco-op college graduates and received promotions sooner than their nonco-op peers. Since merit raises and promotions are the usual way organizations recognize good job performance, these findings substantiate the longer term value of co-op in producing competent workers that are well-matched to the employing organization.

Another way employers benefit from participation in co-op is by improving communication between schools and industry. In fact, the Georgia-Lockheed Company found that the co-op relationship paved the way for other joint projects of mutual interest. Further, co-op can serve to enhance an organization's public relations effort, as this quote from American Telephone and Telegraph shows: "Co-op stu-

dents become good public relations ambassadors on their campuses, and this can contribute positively to our recruiting efforts and the Company's image."

The costs of participating in cooperative education are minimal while the benefits are great, concluded one major study of co-op employers across the country. Almost all (97%) of the employers in this study stated that they plan to continue their participations in co-op; 41 percent expressed their intention to expand their programs. Employers clearly believe in the benefits of participation in cooperative education.

BENEFITS TO SOCIETY

Society is the ultimate benefactor of the advantages experienced by students, institutions and employers who participate in cooperative education. In addition to the benefits already described, there are specific values of cooperative education that have implications for society as a whole and which merit special attention.

One of the major benefits that society realizes as a result of the growth of cooperative education is that it opens up opportunities for young people who otherwise might not have a college education or be given a chance for a professional career. By working their way through college in positions that are related to their academic studies, students who might not otherwise be able to afford college can attend.

Another important result of cooperative education that has a very positive impact on society is the value of co-op earnings. A typical co-op student earms almost $7,000 per year. Given the current estimate of the number of co-op students in the country—175,000—this is an annual earnings of close to one and one quarter billion dollars. Aside from lessening dependence on federal grants and loans, these wages add a significant amount to federal and state tax income. Hence the economic value of cooperative education is experienced on a much broader level than the individual student.

Cooperative education has created strong ties between higher education and industry. In an increasingly high technology society, industry more and more will be looking to educational establishments for help in meeting their human resource and training needs and for developmental research. Colleges hope business will validate their courses of study by employing their graduates. Colleges and employers who are already working together in cooperative education have established the basis for their mutual planning and collaborative action.

I am grateful for the kind request to present this information for your consideration. Cooperative education is an excellent program in making higher education available to a multitude of deserving young people in our nation, and thus increasing our precious human resources.

PREPARED STATEMENT OF ROY HOFFMAN, COORDINATOR OF VETERANS CONCERNS, HOUSTON COMMUNITY COLLEGE SYSTEM

My name is Roy Hoffman and I appreciate this opportunity of appearing before you today. For the past 12 years it has been my privilege to serve as Director, Veterans' Cost-of-Instruction program (VICIP) for the Houston Community College System. This VCIP program is one of 51 such programs in the State of Texas and currently receives the largest award in the State. I also have served as president and vice-president of the South Texas Vietnam Veterans Civic Council; treasurer, Texas Association of Collegiate Veterans Program Officials; and for two terms on the Board of Directors for the Natonal Association of Veterans Program Administrators.

Your Subcommittee Chairman has asked that I focus my presentation on two areas of change:

(1) The proposal to transfer the Veterans' Cost-of-Instruction Program to Title I, including modification of the definition of eligible veteran.

(2) The proposed modification of the institutional allocation with a minimum award and minimum number of veterans to be served.

First, allow me to give you a brief hisotry of VCIP. The VCIP program became a part of the Higher Education Act of 1965 when Senator Alan K. Cranston (D-Calif.) introduced the "Cranston Amendment". This addition provided funding for special services to veterans, particularly the disadvantaged, in the area of outreach and recruitment, conseling and guidance, special education and tutorial assistance, as well as coordination of other Federal services to veterans.

The program was to be administered by the then Office of Education, rather than by the Veterans' Administration, which many in the Congress felt had become insensitive to the educational needs and problems of veterans, particularly those returning from Service in South Vietnam.

Despite the fact that presidential impoundment of appropriations delayed VCIP's implmentation unitl April, 1973, successful litigation by others enabled USOE to fund 1,071 institutions of higher education in all 50 states, as well as in Puerto Rico and Guam.

Veterans attending those institituions now had a true veterans' advocate, the VICP Coordinator, in helping them achieve their education goals; no longer was institutional service to veterans limited to a part-time VA certification clerk in the schools Registrar's Office. So successful were these VCIP programs that they are believed largely responsible for over one-half of all Vietnam-Era veterans having used their educational benefits thru program outreach efforts and the fact that over 60% of veterans received education and training in institutions with VCIP programs.

As the years passed, appropriations of VCIP have been steadily reduced under several administrations—representing both major political parties—under the guise of fiscal restraint. As of Fiscal Year 1983-84, VCIP operations have been reduced to an annual appropriation of 3.0 million dollars; only 853 institutions participate under this restricted level.

Such funding curtailment has been influenced at least in part by the testimony of officials of the Veterans Administration to the Congress, stating that fewer and fewer veterans retain educational eligibility because of limiting date factors restricting such eligibility. Such VA estimates all to frequently have been far too conservative, resulting in initially diminished educational appropriations followed by later VA priority requests for supplemental appropriations needed to pay greatly underestimated educational benefit claims.

In the case of my institution, we have had a continuous body of veterans, ranging from 2,000 to 4,000 per academic term. Such is also the experience of other large schools with VCIP programs.

One point must be emphasized to this subcommittee, and, for that matter anyone else interested in the cost-effectiveness of federal operations. The VCIP Program is perhaps the most cost-effective program within the Department of Education. We at the Houston Community College System, as well as significant numbers of other schools with VCIP funding, have returned at least $3 of services to veterans for each $1 received from VCIP entitlements.

PROPOSAL 1

Based upon my own experience, I find it advisable to place VCIP under Title I, with its general emphasis on community educational outreach. Outreach involves a priority-thrust to inform a group of people with specific needs of: (1) The scope and variety of services available; (2) The delivery vehicle for such services and sources of available referrals; (3) The awareness of the concerned group necessary for their implementation of program services.

Thus, veterans' initial and continuing positive outreach provides a necessary foundation for: (1) The broad range of traditional VCIP educational services (counseling, special developmental, education, and tutorial); (2) Information concerning VA delimiting date extensions available for education and training.

Large numbers of World War II and Korean-era veterans especially are in need of such outreach, particularly those who find themselves unemployed within a few short years of retirement age. These veterans have perhaps the greatest need of all for "re-tooling" and restoration of job salability.

I am, therefore, strongly in favor of changing the definition of veteran under Title I to "anyone who shall have received an honorable discharge." VCIP programs are currently serving such veterans even though their funding is based only upon veterans currently receiving VA educational assistance. Modifying this definition would remove age discrimination from VCIP in future delivery of services.

PROPOSAL 2

I sincerely believe the proposed change in institutional allocation—with colleges and universities being required to match the Federal appropriations received—to be a worthwhile modification.

The Houston Community College System is at this time paying into the VCIP Program about $4 for every $1 received thru VCIP awards. Smaller institutions, however, cannot afford to fund ⅘ths of any service program, even for veterans. Equal matching—plus requiring a minimum of 100 veterans to be served—should constitute a more equitable arrangement, helping insure that institutional involvement is genuine and sincere.

Restoral of the funding level to $25 million per year is an absolute necessity if the VCIP Program is to remain strong and viable, particularly for the smaller colleges

and universities. Such restored funding is mandatory to provide a minimum grant program for those institutions with smaller veteran populations.

PROPOSAL 3

I strongly recommend combination of Part C, relating to aid to juvenile and adult correctional education, and Part D, the VCIP reauthorization, without reducing appropriations for either part. Since I helped establish the first incarcerated veteran program ever to receive VA educational benefits in the nation, I wish to testify to the merit of such programs in curbing recidivism (meaning the perpetual return of ex-offenders to prison for commission of new crimes). I and many other VCIP coordinators, who have become expert in working with educational programs for incarcerated veterans, have seen the great value of giving the ex-offender an alternative to returning to his past criminal behavior.

Our own Harris County program for incarcerated veterans has shown a recidivism rate of from 4.5 to 7.5%, considerably lower than the rate of 67 to 83% attributed to released ex-offenders who have not completed such training. Thus, it would appear only logical to allow the Veterans' Cost-of-Instruction Program to become the vehicle thru which educational programs for the incarcerated are administered. VCIP programs have an established group of experienced coordinators to furnish an inplace administrative delivery system for the combination of Parts C and D of Title I. The tax savings coincident with rehabilitating even one ex-offender and restoring him to a contributing member of society are tremendous, particularly from the cost savings of tax contributions of the working ex-offender.

Thank you for inviting me to appear and present my experience and suggestion. I welcome any questions or remarks you might have concerning these remarks.

Status Report: Hispanics in American Higher Education

(Prepared by the Hispanic Higher Education Coalition)

I. INTRODUCTION

As the nation's second largest and fastest growing minority group, Hispanics represent an important segment of the United States population. Yet, Hispanics, Chicanos, Puerto Ricans, Cubans and other persons "of Spanish Origin," have traditionally been underrepresented in institutions of higher education, received substantially less income than whites, held less prestigious jobs and been subjected to de jure or de facto discriminatory practices such as segregation, covenant laws, denial of access to public facilities, gerrymandering and exclusion from grand juries.[1]

Nearly thirty years after Brown vs. Board of Education, Hispanics are the most segregated racial or ethnic group in the country. They suffer a 45% high school dropout rate, represent only 4.2% of college students and receive 2.3% of Bachelor's degrees. Moreover, Hispanics have recently achieved the dubious distinction of being the racial or ethnic group with the lowest educational attainment levels in the country.

This report focuses on the status of Hispanic education in order to document the current representation of Latinos in higher education and to assess the progress of this groups since the initiation of affirmative action programs in the 1960's. It concentrates on Hispanics because of their history of educational, economic and political disadvantage, their size and growing importance, and their history or forced incorporation into U.S. society.

Throughout this analysis an attempt will be made to distinguish between Chicanos (Mexican-Americans), Puerto Ricans, Cubans and other Hispanics. Unfortunately, at times those distinctions will be virtually impossible to make because of the way the data is collected and reported. Many of the government's statistics including the Higher Education General Information Survey Reports and the Equal Employment Opportunity Commission reports collect data on "Hispanics" and not on the various Hispanic ethnic group. While there are many ties which bind the Hispanic groups, each also has a distinct history, culture and language which the term

[1] Please see *Keyes v. School District No. One, Denver*, 413 U.S. 189 (173), *Cisneros v. Corpus Christi Independent School District*, 467 F. 2d 142, *Crawford v. Board of Education of the City of Los Angeles*, 17 Cal. 3d 280 (1976), *Mendez v. Westminster School District*, 161 F. 2d. 744 (9th Cir. 1947), *Hernandez v. Texas*, 347 U.S. 475 (1954), *Lopez v. City of San Bernardino*, 1944, Citation unavailable, and generally, U.S. Commission on Civil Rights "Mexican-Americans and the Administration of Justice in the Southwest" (1970).

"Hispanic" tends to homogenize. Furthermore, each group differs in its educational attainment, socio-economic status, political attitudes and degrees of political participation. Data must be collected which distinguishes among the different groups in order to best assess and meet the needs of each distinct population.

While primarily concerned with higher education, this paper also analyzes the demographic and socio-economic factors affecting access to education, and the condition of public elementary and secondary education. Higher education, while an important means for personal growth and social and economic advancement, is by no means a panacea for the problems of disadvantages minorities in the United States. Alexander Astin in "Minorities in American Higher Education" writes:

"It seems likely that the vestiges of racial prejudice will persist in the minds of many Americans for years to come, no matter how many minority students complete higher education programs. Perhaps more significant is the fact that many of the educational problems confronting these groups occur prior to higher education, at the elementary and secondary education levels. Indeed, the results of this study dramatize the need for a much more intensive national effort to upgrade the quality of elementary and secondary education for minorities in the United States." [2]

Thus, while improving higher education for Hispanics requires critical attention, elementary and secondary education and other social and economic factors must be improved if Hispanics' access to and success in higher educational institutions is to improve dramatically.

Particularly in times of shifting political attitudes toward the priority of improving the education of minorities, documentation is needed regarding the access of minorities to higher education and their success in graduating from those institutions. It is hoped that this information will prove useful to policy makers, educators, minority organizations and other concerned individuals or groups in the analysis of issues and design of strategies to improve the enrollment, retention. Hiring and promotion of Chicanos, Puerto Ricans and other Hispanics in institutions of higher education.[3]

DEMOGRAPHIC AND SOCIO-ECONOMIC FACTORS AFFECTING THE EDUCATION OF HISPANICS

The growth of the Hispanic population and their concentration in certain key states and metropolitan areas has drawn much attention to Hispanics in recent years. Hispanics are currently America's second largest minority group constituting 14.6 million people (not including the 3 million residents of Puerto Rico), and representing 6.4% of the population.[4] Blacks represent 11.7 of the U.S. population, Asians 1.5% and Native Americans 0.6%. But those proportions are expected to change significantly in the coming decades, for Hispanics are the youngest and fastest growing racial or ethnic group in the country, growing approximately six times faster than the majority of the population. Hispanics, with the exception of Cubans, tend to be younger than non-Hispanics, and Puerto Ricans are the youngest of the Hispanic subgroups. Their relative youthfulness, higher birthrates and immigration account for the tremendous growth of the Hispanic population. Between 1970 and 1980, the total U.S. population increased 11 percent, whereas the Hispanic population increased 61 percent. Given that rate of growth and assuming continued migration of Hispanics into the United States, Hispanics are expected to become the nation's largest minority group by the year 2020, repesenting 14.7% of the population, while Blacks will constitute approximately 14.0%[5] (See Figure 1 and Table 1.)

At present, Hispanics are highly concentrated in nine states: California, Texas, New York, Illinois, Florida, New Mexico, New Jersey, Arizona and Colorado. California is home to 4.5 million persons of Spanish origin, Texas is home to 3.0 million and 1.7 million reside in New York. Together those three states account for nearly two-thirds of the entire Hispanic population on the U.S. mainland. Hispanics are also highly concentrated by subgroups. 83% of the country's 8.7 million Hispanics of

[2] Astin, Alexander, "Minorities in American Higher Education," Jossey-Bass Publishers, San Francisco, CA 1982, p. 22.

[3] Kisses Sandoval, Cathy, Status Report: "Minorities in American Higher Education," The American Council on Education, Office of Minority Concerns, Washington, D.C., October 1983.

[4] Congressional Research Service (CRS) for the Subcommittee on Census and Population of the Committee on Post Office and Civil Service, U.S. House of Representatives, "The Hispanic Population of the United States: An Overview," U.S.G. Printing Office, Washington, D.C., 1983, p. 7.

[5] Davis, Cary; Haub, Carl and Willette, Joanne, "U.S. Hispanics: Changing the Face of America," Population Reference Bureau, Inc., vol 38, No. 3., Washington D.C., June 1983, p. 38. The estimate quoted is based on the assumption that net immigration will equal 1 million. Lower estimates would reduce the size of the Hispanic population in 2020 from 14.7% of the total projected population to 11.1%

Mexican origin lived in the five southwestern states in 1980. 49% of the 2.0 million Puerto Ricans on the mainland lived in New York, and 59% of the 803,000 Cubans counted in the 1980 census lived in Florida, principally in Miami.[6] Hispanics are a highly urban population as well; 88% of all Hispanics live in metropolitan areas, as compared to 81% of Blacks and 75% of the total population.[7]

That concentration has had its advantages and disadvantages. The presence of a large number of Chicanos, Puerto Ricans and other Hispanics in California, Texas and New York, the most populous states in the union and the holders of a majority of the votes in the electoral college, has made Hispanics a significant political force in the nation, and often the swing vote in close elections. Yet, gerrymandering, the lack of single member districts in many areas, low voter participation rates, depressed socioeconomic conditions and the lowest educational attainment rates of any racial or ethnic group in the country, have prevented Hispanics from realizing their political power. Additionally, the concentration of Hispanics in metropolitan areas has encouraged the segregation of Hispanic children, and put them in school systems which are often the least well funded or responsive to the needs of Hispanics.

Other socio-economic indicators attest to the obstacles affecting Hispanic education and political participation. The median income of Hispanics still lags far behind that of whites and appears to be a factor affecting, and a reflection of, their low educational attainment. In 1979 the median income of Puerto Ricans was $9,855, the lowest amount Hispanic families and well below the Black family median of $11,644. The median for Chicanos and Central and South Americans was $15,171 and $15,470 respectively. Cubans had the highest income of the Hispanic groups with a median of $17,598 in 1979 or 86 percent of the white median income of $20,502.[8] (See Table 2.)

Consequently, 29.9% of Hispanic families had incomes below the poverty level in 1982, in comparison with 35.6% of Black families and 12% of white families. (See Table 3.) Families headed by a female householder with no husband present had the highest poverty rates—36.3%—and for female-headed non-white families with several children, the poverty ratios mounted to 70 and 80 percent.[9] Puerto Rican and Black women are the women most likely to be in that position; 35.2% of all Puerto Rican families and 37.7% of all Black families are headed by women with no husband present. The incidence of female headed households was 16.3% for Chicanos, 14.9% for Cubans and 11.2% for whites.[10] The high number of Puerto Rican households headed by women and the concentration of Puerto Ricans in New York City explains much of the poverty evidenced by the $9,855 median income figure. Furthermore, even when work related factors such as education, occupational status, hours worked per week, number of wage earners in the family and age are statistically controlled, Hispanics still lag behind white in income earned, although the numbers are closer to parity.[11]

Labor force participation rates, while an important determinant of economic well-being, do not appear to be a major factor in the incidence of Hispanic poverty. Puerto Ricans do have a slightly lower labor force participation rates, 50.0% and a higher unemployment rates, 13.6%, than other Hispanic groups or the population as a whole. Chicanos and Cubans, in contrast, participate in the labor force at a greater rate than the total population, although they also suffer higher unemployment rates.[12] Their concentration in jobs at the lower end of the occupational scale helps to explain why despite their high labor force participation rates, Hispanic median income is so far below that of whites. Cheryl Russel in "The News About Hispanics" writes:

"Over half the employed population of the U.S.—52 percent—held a white collar job in 1980, compared to only 35% Hispanics. Sixteen percent of all employed per-

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[6] Op. Cit. C.R.S., p. 9. The refugees from the Mariel boatlife arrived just after the 1980 Census was taken and thus are not reflected in data on Cubans or Hispanics. However, preliminary studies of that group indicate that they have lower educational and income levels than previous groups of Cuban migrants. This difference should be kept in mind when interpreting data on Cubans, and it will be interesting to compare the progress of the Marielitos with that of previous groups of Cuban immigrants who tended to be members of the middle or professional classes.

[7] Russell, Cheryl, "The News About Hispanics," American Demographics March 1983, p. 15.

[8] Op. Cit. Davis, Cary, p. 37

[9] The Washington Post, Aug. 3, 1983.

[10] Bureau of the Census, "Current Population Characteristics, U.S. Summary," Government Printing Office, Washington D.C. 1983.

[11] Moore, Joan, Daedalus, Vol. 110, No. 2, Spring 1980, pg. 286 and Jaffe, A.J. and Cullen, Boswell, "The Changing Demography of Spanish Americans."

[12] Op. Cit., Russell, p. 24.

sons were technical workers, but only 6.5% of all Mexicans, 9.7% of Puerto Ricans and 11.6% of Cubans. Instead, Hispanics are clustered in blue-collar jobs: In 1980, 26 percent operated machinery, and 7 percent were in service occupations such as food service workers and janitors.

"Cubans and 'Other Spanish' are more likely to be white collar workers and Mexicans and Puerto Ricans blue-collar workers. Spanish USA reports that 15 percent of Cuban householders are professionals or managers, compared to only 5 percent of Puerto Rican householders and 9 percent of Mexican householders."[13]

But despite the fact that Cubans have the highest proportions of Hispanic professionals, an interesting and important phenomena is their downward occupational mobility. Antonio Jorge and Raul Moncarz in "Cubans in South Florida: A Social Science Approach," note that significant numbers of Cubans are in occupations below their capabilities and previous status. A 1977 study by the state of Florida showed that only 9.1% of former proprietors or professionals in Cuba were in the same occupational category, while 70.1% of those persons were working as operatives. The authors attribute this trend to language difficulties, professional examinations and differing educational requirements, and discrimination.[14]

Cubans, like other Spanish-origin families, also have slightly larger families than the non-Hispanic population, although the fertility rate of Cuban women is lower than that of Mexican or Puerto Rican women due to the Cuban's greater average age and level of education.

Mexican-origin families are on the whole about 25% larger than non-Spanish families and one in five Chicano families consists of 6 or more persons.[15] Chicano families average 4.07 persons per family, Puerto Rican families are the second largest with an average of 3.67; Cuban families average 3.58 persons; other Spanish-origin families average 3.37 persons; while non-Spanish origin families average only 3 persons. Hispanics thus have a larger proportion of families with dependent children, so in addition to their relatively greater poverty, their income supports more people than does that of whites.

The extent to which U.S. Hispanics retain their native language also distinguishes them from other ethnic minorities and gives a different dimension to their educational needs. Although almost all Hispanics speak Spanish (with varying degrees of fluency), the 1980 Census shows that most Spanish-speaking families in the United States also speak English. In 1976, 81% of all Hispanic college students reported that they came from families with a non-English language background or where another language besides English was used.[16] Thus, Hispanics differ from other language minority groups in that, although they acquire English at about the same rate as other groups, a very high percentage also retain native language skills.[17]

The importance of those figures for the educational attainment of Hispanics is demonstrated by the 1980 National Center for Education Statistics (NCES) High School and Beyond Study. NCES found that the likelihood of being enrolled below grade level (and eventually dropping out of high school) increased if children come from large families, or families with low incomes. Being born outside the United States, speaking a non-English language, or having parents with low educational attainments also contributes to the likelihood of being behind in school.[18]

Considering the low educational attainment levels of the Hispanic population, those findings do not bode well for the future of Hispanic education. In 1979, almost one-quarter of the Chicano population had completed less than five years of school, and thus was classified as functionally illiterate. 15% of the Puerto Rican population, 9.6% of Blacks, 9.3% of Cubans and 5.9% of other Hispanics in the U.S. were also classified as functionally illiterate by that measure, in contrast with only 2.7% of whites. Hispanics also experience an extraordinary high school dropout rate of approximately 45%. Only 58% of Hispanics 25–29 years old have completed high

[13] Jorge, Antonio and Moncarz, Raul, "Cubans in South Florida: A Social Science Approach," in Metas, Aspira of America, New York, New York, 1981.

[14] Garcia, P. Chris, Flores Macias, Reynoldo and Maldonado, Lionel, "Chicanos in the U.S.: A History of Exploitation and Resistance," in Daedalius, vol. 110, No. 2, American Indians, Blacks, Chcanos and Puerto Ricans, p. 125.

[15] Hill, Susan and Froomkin, Joseph, "Characteristics of Hispanic Postsecondary Students," National Center for Education Statistics, Washington D.C., 1978, p. 8.

[16] Vincent, Andrea, "The Hispanic Population of the United States: A Statistical Overview," National Council of La Raza, Washington D.C., August 1983.

[17] Ibid, p. 15.

[18] Orfield, Gary, quoted in Uribe, Oscar and Alejandro, Franco, "Societal Forces Limiting Hispanic Student Access to Higher Education; The Economic and Social Cost of Being Brown in a White Educational System," a paper presented at the Hispanic Higher Education Coalition policy symposium at Racine, Wisconsin, June 21–23, 1983, p. 6.

school, in comparison with 76.9% of Blacks and 87.0% of whites in that cohort. The low numbers of Hispanics graduating from high school affects their future employment and earnings and devastates the pool of Hispanics eligible for college. In 1980, 28.7% of the white 25–29 year olds had graduated from college, while only 7.8% of Hispanics and 11.7% of Blacks had achieved that level of education. (See Tables 4 and 5.) As with most other indicators of socio-economic status, Cubans are the best educated Hispanics and Chicanos and Puerto Rican are the least educated. Those figures show that despite the progress made in the education of minorities in the last 50 years, Hispanics, particularly Chicanos and Puerto Ricans, still lag far behind whites in their access to education, and thus to many other institutions in American society.

ELEMENTARY AND SECONDARY EDUCATION

In 1980 approximately 8% of the students enrolled in the nation's public elementary and secondary schools were Hispanic. Hispanics are overwhelmingly concentrated in the public school system with 90% of the Hispanic children attending school enrolled in public schools. Hispanics also tend to be enrolled in segregated big-city schools and are currently the most segregated group in the country as 68% of Hispanic students attend predominantly minority schools.[19] At present, in twenty-three of the twenty-five largest city school systems, minorities comprise 50% or more of enrollments, or eight out of ten students. Given current trends, by 1990, nine out of ten students in those schools will be minorities, thereby increasing the segregation of Hispanics and Blacks.[20] (See Table 6.)

Hispanic youth also dropout of high school earlier and with much greater frequency than either white or Black youth. The 1980 census reported that by ages 14–15, 8% of all Hispanics have dropped out of school. In 1981, only 83% of Hispanic 16 and 17 year olds were enrolled in school, compared with some 91% of Blacks and whites that age. And at ages 18–19, only 38% of Hispanics, in contrast to roughly one-half of Blacks and Whites, were enrolled in school. The dropout figures for 18–19 year old Hispanics were almost twice that for Blacks and whites, all leading to the approximately 45% high school dropout rate mentioned previously.[21] (See Table 7.)

The dropout rates are even higher for certain groups such as Hispanic women and non-metropolitan Hispanics. By age 17, 20.9% of Hispanic females have left high school without a degree. Of Hispanic females 16–24, 34.2% are high school dropouts. 42.5% of non-metropolitan Hispanics 14–34 have dropped out of high school, compared with 15.2% of white non-metropolitan persons. Chicanos and Puerto Ricans also have higher high school dropout rates than Cubans or other persons of Spanish origin.[22]

Hispanics are also more likely than members of other racial and ethnic groups to be enrolled below expected grade level, and high school dropout rates are highest among those who are behind in school. In 1980, 9% of Chicano and 8% of Puerto Rican 8–10 year olds were enrolled 2 or more years below grade level. Those trends accelerate in secondary schools where 25% of Chicanos and 24% of Puerto Ricans are enrolled below grade level.[23]

Educational tracking is another major problem affecting Hispanic education and ability to succeed in college. Asians and whites are much more likely than Hispanics to be enrolled in gifted programs. Moreover, by senior year in high school, 73.8% of Hispanics youth have enrolled in curricular programs that make a college education improbable. 41.6% Hispanic high school seniors are enrolled in a general high school curricula. Another 31.5% are in occupational programs, with the majority taking courses in business or office occupations. Only 26.9% of Hispanic high school seniors are in college preparatory tracks, as compared with 39.8% of whites, 33.0% of Blacks and 52.4% of Asians.[24] (See 9.) Those patterns do not necessarily reflect the choices of students either. Counseling or "miscounseling" by teachers and high school guidance personnel is probably the most important factor in the steering of Hispanics into a non-college preparatory curriculum.

[19] Hodgkinson, Harold, Presentation at the Conference on Educational Leadership. Washington, D.C., June 1983.
[20] Op. Cit. Cary, Davis, p. 29.
[21] Op. Cit. Vincent, Andrea.
[22] Ibid.
[23] Ibid.
[24] Duran, Richard P. Hispanics' College Preparation and College Outcomes: Some Research Issues Bearing on Policy, Educational Testing Service, May 1983, pg. 25.

Not suprisingly, this educational tracking is reflected in the reading and math scores of Hispanics and in their Scholastic Aptitude Test (SAT) scores. In 1980, the mean score for Chicano and Puerto Ricans on the SAT was 137 points and 168 points lower respectively than the mean for whites.[25] The Educational Testing Service's (ETS) reports also show a direct correlation between income and the students score. And although the SAT is commonly used as a measure of a student's college aptitude, recent research by Richard Duran of the ETS has shown that the SAT and high school grades are approximately a 10% less effective predictor of college grades for Hispanics than for whites. Durán stresses that scores should not be used as cut offs for evaluating a student's application, and that attention should be paid to the background characteristics which affect a student's education such as the socio-economic indicators mentioned previously.

Table 11 shows background data reported by Hispanic and white non-Hispanic SAT test takers in 1980–81. The data show that while the average white SAT test taker reported that both of their parents had completed at least some college, the average Chicano and Puerto Rican test taker's parents had either barely finished or not completed high school. The median income was also lower for Hispanic students, the percent indicating English was not their best language was higher, the percent planning to request financial aid was higher and the number of dependents in the family was greater. Duran emphasizes that those characteristics should moderate the interpretation of a student's college aptitude as represented by test scores and grades, and are factors which should be taken into consideration during the admissions process.[26]

Concerns over differences in socio-economic background and educational preparation and how those factors led to underrepresentation of minorities in higher education, are the kinds of considerations which led to the establishment of affirmative action programs in universities throughout the country. The concept of "diversity" affirmed in *Bakke* v. *The Regent of the University of California* confirmed the right of admissions offices to take those factors into consideration and to make decisions on the basis of factors other than "objective" criterion such as grades and scores. (This is a practice which schools had long been using anyway in the admission of alumni children and athletes.) But in the long run, merely taking those factors into account in the admissions process will not significantly improve Hispanics' success in education. Students must also be provided with appropriate support and counseling services and be given the tools necessary to succeed in college. This must begin with improvement of high school education for minorities and for all children throughout the country. As the Commission on Educational Excellence pointed out in "A Nation at Risk," the teaching of the basics in school must be improved, expectations must be raised and resources devoted to elementary and secondary education must be increased if this country is to adequately prepare its young people to enter into society. The case of Hispanics dramatically illustrates the failure of the public school system—almost half of all Hispanics never graduate, most are in non-college prepatory tracks, and many students lack the exposure to the kinds of reading, writing, math and science skills which are necessary for success in college and the professions. Many Hispanics suffer from inadequate preparation due to the poor quality of their high schools and inequitable opportunities to learn what is measured on tests. Although affirmative action programs will continue to be necessary in the future to remedy the growing underrepresentation of HIspanics in higher education, the previous analysis demonstrates that their presence in those institutions will not be dramatically increased until the barriers to access stemming from inadequate high school preparation and other social factors are removed.

HIGHER EDUCATION ENROLLMENT

In 1980 out of 9.3 million undergraduate students enrolled in institutions of higher education in the 50 states and D.C., approximately 1.6 million were minorities, of whom 389,903 were Hispanic. Hispanics represent 4.2% of total undergraduates, while Blacks are 10.1%, Asians 2.6% and Native Americans .7%. (See Table 12.) 1980 saw a first for Hispanic women as more Latinas were enrolled in college than Latinos. The increased participation of Latinas follows the trends in the participation of women in college generally. For all groups except Asians, women outnumber men at the undergraduate level.[27]

[25] Ibid, p. 29.

[26] Analysis of information from the U.S. Department of Education, Office of Civil Rights, Higher Education General Information Surveys (OCR HEGIS Reports), Racial, Ethnic and Sex Enrollment Data from institutions of Higher Education. Fall Enrollment Data, 1976, 1978, 1980.

[27] Vincent, Andrea.

But despite the fact that the number of Latinos enrolled in college is increasing, and despite an ostensible commitment to affirmative action programs, the overall representation of Hispanics in higher education has been decreasing since 1975. Between 1975 to 1980 the number of Hispanics attending college as a percent of high school graduates declines 5.5% from 35.4% to 29.9%. (See Table 13.) Educational gains have not kept pace with the growing number of college age Hispanics either. Between 1975 to 1980, the 18–24 year old Hispanic population increased 35.6%, while college enrollments rose by only 6.7%.

As mentioned previously, low high school completion rates prohibit the majority of Hispanics from entering institutions of higher education. But even with a high school diploma, only about 50% of Hispanic graduates will attend college. [28] And due to bad counseling, poor preparation related to the quality of their high schools, a desire to be close to home, and economic reasons, the majority of Latinos going to college will enter community colleges, and most never complete a college degree. While 34.4% of white students and 41.9% of Black college students go to community colleges, over 55% of the Hispanics enrolled in college attended junior colleges. (See Table 14.) Whites are relatively highly concentrated in the public and private universities at the top of the institutional hierarchy, while Hispanics cluster at the bottom and attend primarily public colleges or universities.[29]

The quality of educational resources and the differential degree attainment rates associated with two year and four year colleges make those patterns significant. Alexander Astin in "Minorities in Higher Education" shows that four year colleges, universities and especially private institutions, have more resources for almost all of the important areas of educational expenditures than do two-year and public colleges in which Hispanics tend to be concentrated. Astin also found that for all students, the proportions who complete their Bachelor's degree within nine years are much higher—two or three times higher—in universities and four-year colleges than in two-year colleges.[30] This suggests that efforts to increase the number of minorities in higher education must focus on the type and caliber of institution Hispanics go to, as well as the numbers who go.

RETENTION AND GRADUATION

As mentioned above, persistence in baccalaurate completion is an important consideration in the assessment of the progress of minorities in education—outcomes must be improved, as well as access. A review by the National Council of La Raza of data on Hispanic students shows that only 31.8% of Chicanos and 28% of Puerto Ricans entering college complete their studies, vs. 61% of whites and 24.2% of Blacks. The withdrawal rate for all students was higher at two-year colleges, and the reasons for withdrawal were mostly non-academic. (See Table 15.) Hispanics most often listed financial difficulties as the reason for withdrawal, while whites said they wanted to get practical experience.[31] Students of all racial and ethnic groups on financial assistance left college at a lower rate than those who received no aid, and persistence rates were also directly related to socio-economic status.[32]

One indication of the success of undergraduate study is the number of degrees conferred. In 1980 colleges and universities in the United States and D.C. awarded 931,853 baccalaurate degrees. Whites earned 86.3% of them, Blacks earned 6.4%, Hispanic 2.3%, Native Americans .3% and non-resident aliens 2.4%. For the first time, more Hispanic women earned B.A.'s than Hispanic men, although the differences were not commensurate with the differences in enrollment. (See Table 16.)

GRADUATE AND PROFESSIONAL EDUCATION

Hispanics have slightly increased their enrollment in graduate school since 1976, inching up from 1.9% of graduate school enrollment to 2.2%. (See Table 17.) Their numbers are still small, however, as evidenced by that fact that in 1980 Hispanics received only 2.1% of Master's degrees and 1.4% of Doctorates. Hispanic, white and

[28] Astin, Alexander, "Minorities in American Higher Education," Jossey-Bass Publishers, San Francisco, CA, 1982, p. 132.
[29] Ibid p. 35.
[30] Brown, George H.; Rosen, Nan L.; Hill, Susan T.; and Olivas, Michael, "The Condition of Education for Hispanic Americans," National Center for Education Statistics, 1980, p. 184.
[31] Fetters, William B., "withdrawals from Institutions of Higher Education. An Appraisal with Longitudinal Data Involving Diverse Institutions." National Center for Education Statistics, Washington D.C., 1977. p. 32.
[32] Analysis of OCR BEGIS Fall Enrollment Data, 1976, 1978, 1980.

Asian men continued to outnumber women form those groups, but their numerical dominance has been decreasing over the past five years.[33]

In graduate school, Hispanics are concentrated in education and underinvolved in science and technology. (See Table 18.) This should not be interpreted, however, to mean that Hispanics are overrepresented in education. In 1979 only 2.3% of all public elementary and 1.8% of all public secondary school teachers were Hispanic, even though 8% of all public school students were Hispanics.[34] Clearly, more Hispanic teachers are needed, as well as more engineers, biological scientists, physical scientists, etc.

Hispanics are also often steered away from graduate school and into professional school. The prevailing myth that there are no jobs available in graduate fields encourages that pattern, despite the fact that between now and the year 2000, it is estimated that there will be approximately 300,000 faculty openings due to retirement and some expansion in the universities. One other factor keeping Hispanics out of graduate school is a heavy reliance on Graduate Record Examination (GRE) scores in admitting students. As with the SAT, controversy abounds about the GRE's ability to predict the success of Hispanic students in graduate school, and a recent Ford Foundation study found a slight negative correlation between high GRE scores and doctoral completion rates.[35]

Additionally, significantly fewer Hispanics than whites or Blacks reported that they had developed a mentoring relationship with a faculty member during graduate or professional school. This is also evidenced by the fact that while 80% of all white graduate students work as teacher's assistants, only 45% of all Hispanic graduate students do.[36]

Although they still represent only 2.4% of professional school students, Hispanics have made relatively more gains in access to professional school than graduate school. (See Table 20.) Attrition rates are also lower in professional school than graduate school and in 1980-81 Hispanics received 2.7% of all first professional degrees. (See Table 21.) Yet, Hispanic males still by far outnumbered Hispanic females in graduate and professional school enrollments and degree attainments. Thus, while some progress has been made in increasing the number of Latinas in college, more attention must be given to raising the number of Latin graduate and professional school students, and thereby the number of Latina professionals.[37]

HISPANIC PROFESSIONALS IN HIGHER EDUCATION [38]

1979 data from the Equal Employment Opportunity Commission (EEOC) show that 91.0% of all faculty were white, while only 1.5% were Hispanic, 4.4% were Black, 2.9% Asian and .2% Native American. At the executive/administrative/managerial level, 90% were white, 1.4% Hispanic, 7.4% Black, .9% Asian, and .3% Native American. Men by far outnumbered women in both the faculty and administrative ranks. For Hispanics, women were 28.3% of Latino faculty and 28.0% of Latino administrators. (See Table 22.)

Those figures, however, mask one important aspect of Hispanic representation; the numbers of U.S. Hispanics employed in those positions as opposed to the number of foreign scholars or non-resident aliens. Since the EECC does not distinguish between U.S. citizens and non-citizens in its reports, the numbers of U.S. Hispanics in leadership positions in higher education is even lower than appears at first. Many of the Hispanics counted in the faculty might be, for example, visiting scholars from Argentina or Spain. While those people may certain make valuable contributions to their campuses and fields of study, they are not Chicanos, Puerto Ricans or other U.S. minorities as the categories might suggest.

Looking at occupational distribution, white and Asian workers employed by institutions of higher education are concentrated in faculty positions. Native Americans are mostly highly represented among secretaries and clerical workers and Hispanics and Blacks are concentrated as service maintenance workers. Not surprisingly,

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[33] Arce, Carlos, presentation at the Hispanic Higher Education Coalition Policy Symposium, Racine Wisconsin, June 21-23, 1983.

[34] Ibid.

[35] Analysis of OCR HEGIS Fall Enrollment Data and Earned Degrees Conferred by Institutions of Higher Education, by Race, Ethnicity and Sex, 1976-77, 1978-79, 1980-81.

[36] This section is taken from Kissee Sandoval, Cathy, "Status Report: Minorities in American Higher Education," The American Council on Education, Office of Minority Concerns, Washington D.C., October 1983.

[37] Op. Cit., Russel, Cheryl, p. 24.

[38] Olivas, Michael and Marcus, Ed., "Selected Statistics on the Education of Hispanics," National Center for Education Statistics, 1982, p. 3.

those patterns mirror the trends in the U.S. economy as a whole mentioned previously where over 50% of whites are employed in white-collar jobs, whilte Blacks, Hispanics and Native Americans are clustered in blue-collar jobs as machine operators and laborers, and in service jobs such as food service and janitorial work.[39]

Other measures of occupational distribution such as the type of position minority faculty members hold are difficult to measure because of limitations in the data. EEOC provides no current information on the percentages of minorities who are professors, associates, assistants or lectures, making estimates of their concentrations in various levels of the faculty nationally, nearly impossible. Additionally, EEOC has not issued a report on faculty by racial and ethnic group since 1979, and has no plans to issue another one. But although the information available on minority faculty and administrators is limited, the existing data show that Hispanic representation at that level is exceedingly low.

CONCLUSION

This summary and the tables which follow, give an overview of the status of Hispanic education in the United States and suggests certain areas requiring greater attention. Moreover, it also shows that although Hispanic education has improved since the early 1970's, the gains in access and achievement have not been as large as is usually assumed and have diminished in the past seven or eight years.

Michael Olivas, Director of the University of Houston's Institute for Higher Education Law and Governenace, summed it up as follows:

"Today, the barriers at federal, state and institutional levels have become more subtle, though no less impenetable. Nearly 15 years of civil rights legislation have not substantially improved the condition of Hispanic education, while, ironically, the prevailing illusion of substantially increased access has forestalled necessary changes in existing systems. Thus, Hispanics find themselves underserved by programs designed to redress inequities, and illserved by the popular notion that inequities no longer exist."[40]

With a burgeoning number of 18-year-olds, the Hispanic community represents a largely untapped source of students. But at present, Hispanic participation on postsecondary education is poor and in need of critical attention by policy makers, educational institutions and community organizations.[41] It is hoped that this information and the tables which follow, may provide a basis for the evaluation and formation of programs and policies designed to redress the inequities in the education of Chicanos, Puerto Ricans, Cubans and other Hispanics.

TABLE 1.—MEDIAN AGE

Group	Median age
All races	30.0
White	31.3
Black	24.9
American Indian	23.0
Asian, Pacific Islander	28.6
Other	22.3
Spanish origin	22.1
Mexican origin	21.4
Puerto Rican origin	20.7
Cuban origin	33.5
Central or South American origin	25.1
Other Spanish origin	22.1

Source. U.S. Bureau of the Census, Current Population Surveys, 1980.

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[40] Magallan, Rafael, "Hispanics in Higher Education," Case Currents April 1983, vol. IX, No. 4, p. 9.

[41] ———.

TABLE 2.—MEAN INCOME OF HISPANIC, BLACK, AND WHITE FAMILIES, 1972–81

[In constant 1981 dollars]

Year	Mean family income			Hispanic family income as a percent of white income	Black family income as a percent of white income
	Hispanic	Black	White		
1972	$17,790	$14,922	$25,107	71	59.9
1973	17,836	14,877	25,777	69	57.7
1974	17,594	14,765	24,728	71	59.7
1975	16,140	14,835	24,110	67	61.5
1976	16,390	14,766	24,823	66	59.4
1977	17,141	14,352	25,124	68	57.1
1978	17,518	15,166	25,606	68	59.2
1979	18,255	14,550	25,689	71	56.7
1980	16,242	13,989	24,176	67	57.8
1981	16,401	13,266	23,517	70	56.4

Source: Bureau of the Census, "Money Income and Poverty Status of Families and Persons in the United States: 1981" (Advance data from the March 1982 Current Population Survey), Current Population Reports, Series P-60, No. 134, July 1982, Table 3.

TABLE 3.—POVERTY RATE OF HISPANIC, BLACK, AND WHITE FAMILIES, 1973–82

Year	Percent of families below poverty level			Ratio of Hispanic to white poverty rate	Ratio of black to white poverty rate
	Hispanic	Black	White		
1973	19.8	28.1	6.6	3.0	4.2
1974	21.2	26.9	6.8	3.1	3.9
1975	25.1	27.1	7.7	3.3	3.5
1976	23.1	27.9	7.1	3.3	3.9
1977	21.4	28.2	7.0	3.1	4.0
1978	20.4	27.5	6.9	3.0	3.9
1979	20.3	27.8	6.9	2.9	4.0
1980	23.2	28.9	8.0	2.9	3.6
1981	24.0	30.8	8.8	2.7	3.5
1982	29.9	35.6	12.0	2.4	2.9

Source: Bureau of the Census, "Money Income and Poverty Status: 1981," Table 15.

TABLE 4.—YEARS OF SCHOOL COMPLETED BY POPULATION 25 YEARS OLD AND OVER BY RACIAL/ETHNIC GROUP: MARCH 1979

[Percent, by years of school completed]

Racial/ethnic group	Less than 5 years of elementary school	4 or more years of secondary school	4 years or more of college	Median years of school completed
White	2.7	69.7	17.2	12.5
Black	9.6	49.4	7.9	11.9
Mexican origin	23.9	34.9	3.9	9.9
Puerto Rican origin	14.4	38.6	4.1	10.2
Cuban origin	6.9	50.4	12.0	12.1

Source: U.S. Department of Commerce Current Population Reports, "Educational Attainment in the United States, March 1979 and 1978," Series P-20, No. 356, 1980 and "Persons of Spanish Origin in the U.S: March 1979," CPR Population Characteristics, Series P-20, No. 354. Special tabulation prepared by the Hispanic Higher Education Coalition.

TABLE 5.—EDUCATIONAL ATTAINMENT OF RACIAL/ETHNIC GROUPS, BY AGE: MARCH 1980

Age	Population in thousands	Percent high school graduates [1]	Percent college graduates [2]
White:			
25 years old and over	112,899	70.5	17.8
25 to 29 years old	15,914	87.0	23.7
30 to 34 years old	14,644	86.7	27.1
35 to 39 years old	12,082	81.8	23.4
40 to 44 years old	10,076	77.9	20.3
45 to 49 years old	9,639	73.7	17.3
50 to 54 years old	10,280	69.0	15.4
55 to 59 years old	10,122	67.2	13.3
60 to 64 years old	8,695	59.6	11.0
65 to 69 years old	7,651	48.9	9.6
70 to 74 years old	5,922	44.3	9.6
75 years old and over	7,873	35.8	8.0
Black:			
25 years old and over	12,613	51.2	7.9
25 to 29 years old	2,079	76.9	11.7
30 to 34 years old	1,753	74.4	13.7
35 to 39 years old	1,444	67.1	10.1
40 to 44 years old	1,229	58.9	5.9
45 to 49 years old	1,147	46.2	7.6
50 to 54 years old	1,122	38.1	6.9
55 to 59 years old	993	34.0	4.6
60 to 64 years old	828	26.1	2.6
65 to 69 years old	823	22.0	4.1
70 to 74 years old	538	20.4	3.6
75 years old and over	658	10.0	1.6
Hispanic:			
25 years old and over	5,896	45.3	7.9
25 to 29 years old	1,185	58.6	7.8
30 to 34 years old	1,001	55.3	10.6
35 to 39 years old	750	50.3	9.6
40 to 44 years old	721	48.3	8.5
45 to 49 years old	547	42.2	8.8
50 to 54 years old	499	35.7	6.2
55 to 59 years old	372	27.5	4.3
60 to 64 years old	259	31.7	5.7
65 to 69 years old	240	26.0	7.6
70 to 74 years old	143	14.0	2.5
75 years old and over	180	10.6	2.5

[1] Completed 4 years of high school or more.
[2] Completed 4 years of college or more.

Source: U.S. Department of Commerce, Bureau of the Census, March 1980 CPS.

TABLE 6.—MINORITY STUDENT ENROLLMENT OF 25 LARGEST CITY SCHOOL SYSTEMS: 1978

City	1978 student enrollment	Percent minority
New York City	998,947	71.3
Los Angeles	556,236	70.3
Chicago	494,888	78.5
Philadelphia	244,723	69.0
Dade County (Miami)	229,254	62.2
Detroit	220,557	85.3
Baltimore	149,467	77.5
Houston	142,553	70.5
Dallas	133,289	66.2
San Diego	115,007	38.2
Memphis	113,108	74.0
Washington, DC	108,903	96.0

TABLE 6.—MINORITY STUDENT ENROLLMENT OF 25 LARGEST CITY SCHOOL SYSTEMS: 1978—Continued

City	1978 student enrollment	Percent minority
Cleveland	103,527	67.5
Milwaukee	95,502	[1] 49.4
New Orleans	88,714	85.8
Columbus	82,591	[1] 36.8
Albuquerque	81,913	46.7
Atlanta	76,625	90.5
Indianapolis	[illegible]	[1] 48.2
St. Louis	72,515	74.8
Boston	[illegible]	60.4
Denver	[illegible]	55.5
Ft. Worth	[illegible]	52.5
Newark	65,575	90.7
San Antonio	63,214	87.1
Totals	4,519,334	[2] 71.3

[1] By 1980 these school systems (Milwaukee, Albuquerque, and Indianapolis) were more than 50 percent minority.
[2] Weighted percent minority based on total minority figure of 3,224,347 in 1973 and 2,337,019 in 1983.

Source: "The 50 Largest School Districts in the Nation, 1978 Survey." Released December 1981. See Also Allan C. Ornstein, "Educational and Social Inquiry." (Itasca, Il. Peacock, 11978), p. 127.

TABLE 7.—PERCENTAGE OF HIGH SCHOOL DROPOUTS, BY AGE AND RACIAL OR ETHNIC GROUP

[Weighted 5-year average, 1974–78]

Group	Age												Ages 20–25 combined	
	14	15	16	17	18	19	20	21	22	23	24	25	(N)	Mean percentage
Whites	1	2	6	10	13	16	18	17	18	18	18	18	(58,873)	17.8
Blacks	1	2	6	12	20	27	27	30	31	32	29	28	(6,560)	28.4
Chicanos	2	6	16	23	31	41	43	45	50	51	56	53	(2,508)	49.7
Puerto Ricans	2	4	12	19	36	42	52	49	54	62	41	56	(548)	52.5

Note: A dropout was defined as any person who, at the time of the survey, was not a high school graduate and was not enrolled in school. Data on American Indians are not provided by the Current Population Surveys.

Source: Current Population Survey Public Use Tapes for October Surveys, 1974–1978, obtained from the Bureau of the Census, U.S. Department of Commerce. Published in Astin, Alexander, "Minorities in American Higher Education," Jossey Bass, San Francisco, 1982.

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TABLE 8.—CURRICULAR PROGRAMS [1] OF 1980 HIGH SCHOOL SENIORS, BY SEX, RACIAL/ETHNIC GROUP, ABILITY, AND SOCIOECONOMIC STATUS (SES), SPRING 1980

[Percentage distribution]

Characteristic	Academic	General	Total vocational	Office occupations	Trade and industrial
Total	38.73	36.9	24.5	9.8	5.4
Sex:					
Male	39.0	38.0	23.0	3.3	9.5
Female	38.4	35.9	25.8	15.7	1.7
Racial/ethnic group:					
White	39.8	37.1	23.1	9.4	5.3
Black	33.0	35.2	31.8	11.9	6.2
Hispanic	26.9	41.6	31.5	10.5	7.9
American Indian	24.4	45.5	30.1	9.2	11.5
Asian or Pacific islander	52.4	29.0	18.5	8.2	1.5
Ability [2]:					
Low	13.8	47.1	47.1	13.1	9.7
Middle	33.5	40.9	40.9	11.5	5.3
High	72.3	20.0	20.0	3.2	[illegible]
SES [3]:					
Low	21.1	43.4	35.4	13.6	7.9
Middle	36.3	38.4	25.2	10.2	5.8
High	62.0	27.4	10.5	4.2	2.3

[1] Curricular program can be generally defined as follows; academic—those preparing students for college; vocational those preparing students for employment immediately following high school graduation; general-those preparing students considering themselves to be in neither academic nor vocational program.

[2] The general academic ability index was derived from four base-year "Test Book" scores; vocabulary, reading, letter groups, and mathematics.

[3] The SES index was based on a composite score involving five components; Father's education, mother's education, parental income, father's occupation, and a household items index.

Source: U.S. Department of Education, National Center for Education Statistics, High School and Beyond Study, unpublished tabulations (August 1982).

TABLE 9.—STANDARDIZED SCORES ON ASSESSMENT AREAS AND SOCIOECONOMIC STATUS OF SECONDARY SCHOOL SOPHOMORES AND SENIORS, BY RACIAL/ETHNIC GROUP: SPRING 1980

[Standardized scores][1]

Level and subject	White	Black	Hispanic ethnicity: All Hispanic	Mexican	Puerto Rican	Cuban	Other Hispanic	Asian	American Indian
Sophomores:									
Vocabulary	52.0	42.4	44.9	44.2	44.0	48.1	46.1	51.6	45.0
Reading	51.7	44.2	45.1	44.6	44.5	48.6	45.8	51.6	46.2
Math part 1	51.8	43.1	44.9	44.5	43.9	48.0	45.7	55.7	44.6
Math part 2	51.3	44.9	46.2	45.7	45.5	49.3	46.9	55.5	46.2
Science	52.1	44.6	44.5	44.0	42.9	46.3	45.7	51.5	46.1
Writing	51.8	43.3	44.9	44.8	43.3	46.8	45.5	53.7	46.0
Civics	51.3	45.7	45.9	45.7	46.0	45.6	46.5	51.0	45.5
SES composite [2]	51.3	46.1	46.0	45.0	44.2	47.3	48.8	51.7	47.2
Seniors:									
Vocabulary part 1	51.4	43.6	44.8	44.5	44.8	48.5	44.8	50.2	45.8
Vocabulary part 2	51.3	43.9	45.2	44.8	45.4	48.3	45.2	50.5	46.6
Reading	51.5	43.4	43.7	43.6	43.7	46.4	43.4	50.3	46.6
Math part 1	51.5	42.8	44.1	43.8	43.4	48.2	44.1	54.2	45.2
Math part 2	51.5	45.4	46.1	46.2	46.0	48.4	45.5	55.4	46.0
Mosaic comparison part 1	51.0	44.4	48.0	47.9	50.0	49.7	47.5	52.4	49.3
Mosaic comparison part 2	51.0	43.9	47.5	47.9	48.9	48.8	46.0	54.6	48.2
Three dimension visualization	51.0	43.9	46.9	47.2	46.9	49.2	45.8	55.2	50.0
SES composite	51.2	45.1	45.7	44.9	41.9	47.6	48.1	51.9	47.8

[1] Scores are standardized to a mean of 50 points and a standard deviation of 10 points.

[2] Socioeconomic status (SES) composite computed from father's occupation, father's education, mother's education, family income, and a household item index.

Note.—Racial/ethnic categories are mutually exclusive.

Source: U.S. Department of Education, National Center for Education Statistics, High School and Beyond Study, unpublished tabulations.

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TABLE 10.—COLLEGE BOARD BACKGROUND DATA ON 1980–81 HISPANIC AND WHITE NON-HISPANIC SAT TEST TAKERS

	Mexican-Americans	Puerto Ricans [1]	White non-Hispanics
Median years of father's education	12.0	11.9	14.2
Median years of mother's education	11.8	11.8	13.4
Median parental income	$17,100	$12,300	$26,300
Median number of parent dependents	4.9	4.4	4.4
Percent part-time working in high school	56.7	56.5	65.0
Mean number of part-time work hours outside of school	9.5	9.5	10.0
Percent planning to request financial aid for college	89.1	90.9	72.9
Percent indicating English is not the best language	6.8	9.2	1.7

[1] Puerto Ricans in the 50 States and District of Columbia only.

Source: "Profiles, College-Bound Seniors, 1981," New York: College Entrance Examination Board, 1982.

TABLE 11.—ENROLLMENT IN INSTITUTIONS OF HIGHER EDUCATION BY RACIAL AND ETHNIC GROUP AND CONTROL AND TYPE OF INSTITUTION, FALL 1978

Type and control of institution	Total [1]	White [2]	Black [2]	Hispanic	Asian or Pacific Islander	American Indian/Alaskan Native
All institutions:						
Number	11,231,172	9,194,031	1,054,371	417,271	235,064	77,873
Percent	100.0	100.0	100.0	100.0	100.0	100.0
Public universities:						
Number	2,062,293	1,807,325	102,162	[illegible]	2,663	9,738
Percent	18.4	19.7	9.7	8.6	18.1	12.5
Private universities:						
Number	718,434	600,237	44,825	17,091	17,871	2,266
Percent	6.4	6.5	4.3	4.1	7.6	2.9
Public other 4-yr:						
Number	2,833,759	2,277,778	322,718	104,221	56,468	17,447
Percent	25.2	24.8	30.6	25.0	24.0	22.4
Private other 4-yr:						
Number	1,588,220	1,341,883	142,050	33,014	20,869	5,541
Percent	14.1	14.6	13.5	7.9	8.9	7.1
Public 2-yr:						
Number	3,873,690	3,050,957	414,640	222,284	96,300	41,263
Percent	34.5	33.2	39.3	53.3	41.0	53.0
Private 2-yr:						
Number	154,776	15,833	27,976	4,634	923	1,618
Percent	1.4	1.3	2.7	1.1	0.4	2.1
Percentage all 2 yr	35.8	34.4	41.9	54.3	41.3	55.0

[1] Represents the total head count for all races of students in the 50 States and the District of Columbia, a difference of 31,184 from the total head count of all students because some institutions were unable to identify the race of students enrolled.

[2] Non-Hispanic.

Note.—Details may not add to totals because of rounding.

Source: Nancy B. Dearman and Valena White Plisko, National Center for Education Statistics, The Condition of Education, 1980 Edition (Washington, DC), p. 110.

TABLE 12.—TOTAL WITHDRAWALS (IN PERCENT) OF THOSE ENTERING COLLEGE BY THE FALL OF 1973: BY SEX AND RACE

	Male			Female		
	Black	Hispanic	White	Black	Hispanic	White
4-yr college	27.03	27.90	22.66	27.40	21.20	23.93
Academic withdrawal	5.88	4.45	6.18	6.76	4.81	3.99
Nonacademic withdrawal	21.15	23.45	16.47	20.64	16.39	19.94
N	294	88	2,769	453	75	2,476
2-yr college	53.60	47.11	[1] 38.72	43.77	43.36	37.81
Academic withdrawal	6.28	12.67	6.33	6.85	5.06	4.53
Nonacademic withdrawal	47.32	34.44	[1] 32.39	36.92	38.30	33.28
N	145	110	1,405	214	100	1,238

[1] The percentage for blacks was significantly greater than that for whites (Z 2.33, p. .01).

Source: U.S. Department of Health, Education and Welfare, National Center for Education Statistics, National Longitudinal Study [NLS], "Withdrawal from Institutions of Higher Education, An Appraisal with Longitudinal Data Involving Diverse Institutions," 1977.

HISPANIC MAJORITY IHE'S ON MAINLAND

	Percent Hispanic enrollment	Hispanic enrollment (80)
1. Boricua College (private, 4yr)	95.1	826
2. CUNY Hostos Community College (public, 2yr)	82.3	2,199
3. St. Augustine College (private, 2yr)	100.00	700
4. Southwest Texas Junior College (public, 2yr)	53.8	1,099
5. Texas Southmost College (public, 2yr)	62.5	1,933
6. Texas State Tech, Rio Grande (public, 2yr)	82.6	1,175
7. Imperial Valley College (public, 2yr)	54.1	1,992
8. Highland University (public, 4yr)	76.8	1,226
9. El Paso County Community College (public, 2yr)	61.5	6,586
10. Laredo Junior College (public, 2yr)	87.9	2,047
11. Northern New Mexico Community College (public, 2yr)	68.5	929
12. Pan American University (public, 4yr)	78.4	6,397
13. Biscayne College (private, 4yr)	71.0	1,983
14. East Los Angeles College (public, 2yr)	71.8	9,780
15. Our Lady of the Lake (private, 4yr)	53.8	728
16. Laredo State University (public, 4yr)	85.7	384
17. Texas A&I University (public, 4yr)	50.5	2,225
		42,209

DISTRIBUTION BY INSTITUTIONAL TYPE

	2-yr	4-yr
Public	9	4
Private	1	3
Total	10	7

State distribution: Texas, 9; New York, 2; California, 2; New Mexico, 2; Illinois, 1; Florida, 1.

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SUMMARY DATA ON U.S. INSTITUTIONS WITH SIGNIFICANT HISPANIC ENROLLMENTS

	Percent of Hispanic enrollment	Total number of Hispanics	Number of Hispanics	Cumulative percent of national Hispanic enrollment	Percent of continental Hispanic enrollment
Number of IHE's on Mainland:					
17	50 plus	42,209		7	9
7	40 to 50	34,922	77,131	12	16
14	30 to 40	18,741	95,872	16	20
17	20 to 30	37,624	133,496	22	28
IHE's in Puerto Rico: 34	90 to 100	130,352		22	

STATE DISTRIBUTION

	50 percent	40 percent	30 percent	
Texas	9	5	5	19
New York	2		4	6
California	2	1	1	4
New Mexico	2		2	4
Illinois	1			1
Florida	1	1		2
New Jersey			1	1
Arizona			1	1
	17	7	14	38

INSTITUTIONS WITH HISPANIC ENROLLMENTS OF 40 PERCENT OR HIGHER

	Percent of Hispanics	Number of Hispanics
1. Don Bosco Tech, CA	43	135
2. Miami Dade Community, FL	41	14,761
3. Our Lady of the Lake, TX	48	856
4. San Antonio College, TX	41	8,424
5. U.T./El Paso, TX	42	6,630
6. Bee County, TX	41	817
7. Del Mar College, TX	43	3,569
Total		34,922

IHE's WITH HISPANIC ENROLLMENTS OF 30 PERCENT OR HIGHER

	Percent of Hispanics	Number of Hispanics
1. Cuny Bronx, NY	36	2,500
2. Cuny La Guardia, NY	33	2,100
3. Cuny Leshman, NY	32	3,000
4. St. Mary's University, San Antonio, TX	35	1,100
5. St. Phillips, TX	39	2,683
6. Sul Ross, TX	33	700
7. Incarnate Word, TX	33	518
8. South Mountain Community, AZ	33	241
9. Pueblo Voc. Community, NM	35	262
10. Rio Hondo, CA	33	3,795
11. Oblate College of S.W., TX	35	29

IHE's WITH HISPANIC ENROLLMENTS OF 30 PERCENT OR HIGHER—Continued

	Percent of Hispanics	Number of Hispanics
12. Western N.W.U., NM	35	517
13. Hudson County Community, NJ	32	774
14. Taylor Business Institute, NY	36	522
		18,741

PREPARED STATEMENT OF BARBARA WILLIAMS JENKINS, PH.D., LIBRARY DIRECTOR AND PROFESSOR, SOUTH CAROLINA STATE COLLEGE, ORANGEBURG, SC

My name is Barbara Williams Jenkins. I am Director of the Miller F. Whittaker Library at South Carolina State College in Orangeburg. I am testifying on behalf of the American Library Association, a nonprofit educational organization of almost 40,000 librarians, library trustees, educators and friends of libraries. From 1981-83 I served on ALA's Legislation Committee. Currently I serve on an Ad Hoc College Library Standards Subcommittee of the Association of College and Research Libraries, a division of ALA.

The American Library Association has long been on record in support of the Higher Education Act and its title II college and research library and library training, research and demonstration programs. It is a great privilege and honor to have the opportunity to testify before Rep. Paul Simon, Chairman of the Post-secondary Education Subcommittee and one of the strongest supporters libraries have ever known. Mr. Chairman, your firm belief in the importance and power of literacy is widely known and admired.

ACADEMIC LIBRARIES AND FEDERAL FUNDS

Academic libraries have important and responsible functions in the educational process of future citizens of this country. These functions encompass providing a balanced program of collection organization, development, interpretation and utilization to effectively meet the information needs of the total academic community. As businesses have products for a consumer market, e.g., equipment, cosmetics, etc., libraries have information as a product for the college and university environment. Providing information for the academic library user becomes the primary focal point of the librarian/information specialist. These information needs are found in the learning environment of classrooms, laboratories, in teaching, research, professional and self development activities.

Title II-A

There are all types of academic libraries in the United States, serving college, university, community, and technical institutions. What is the present status of academic libraries in the United States? The Association of College and Research Libraries has developed standards and guidelines to assist libraries in meeting information needs. Most of these are qualitative; however, the ACRL four-year college library standards include quantitative measures. According to a study by Ray L. Carpenter (College & Research Libraries, January 1981):

"A quantitative analysis of 1977 HEGIS data bearing on college libraries in terms of the ACRL Standards for College Libraries concludes that most of the libraries do not meet the Standards criteria for collection size and development, staff and budget."

These findings may be alarming to many persons in the public sector and a subcommittee on which I serve is currently rethinking these standards. However, the findings indicate the crucial role federal support plays. Since 1966, the Higher Education Act, Title II-A College Library Resources program has allocated almost $200 million to academic libraries across the country. This may seem like a lot of money, but the allocations in recent years have been marginal, and now are zero. However, we, as academic librarians, can state that the program has been a success in many ways. For example, "Title II-A: A Bargain At the Price," (Journal of Academic Librarianship, September 1979) quotes the following from academic librarians:

"Although the Title II-A grant is not large, its existence allows a smaller academic library to review its collection seriously for weaknesses and attempt to remedy them.

"Indeed it is the Title II-A program which has enabled this relatively young college to strengthen its scholarly apparatus through retrospective purchases and acquisition of catalogs raisonne without feeling guilty about depriving undergraduates of their bread and butter needs.

"Title II-A funds were used entirely to purchase materials for students and faculty use. All processing costs were absorbed by the college budget. We continue to need Title II-A funds because the inflationary price of books has cut into our budget to such an extent that every penny of assistance we receive is greatly appreciated and conservatively used.

"In a state as small as Vermont each college must develop its own special collections and share them with its neighbors. In that way, students can live on small campuses, in close contact with their teachers, and still have a wealth of research material available."

Just from this sample of comments, Title II-A funds have been vital to small college libraries allowing them to strengthen their collections to meet curricula and research needs that otherwise regular budgets could not provide.

Locally, at our college library, with Title II-A funds, we have been able to enrich our special collection, acquire backfiles of periodicals on microforms and strengthen our regular collection to meet curricula needs. We now have a collection meeting the ACRL four-year college library standards, thanks to Title II-A.

Title II-B

A profession that cannot grow without new impetus is a lost profession. Title II-B has provided assistance in library and information career training by providing fellowships on doctoral and master levels of training. In addition, these funds have assisted in the retooling and upgrading of competencies of library and information professionals to meet the changing information needs of academic library users. The financial assistance has helped students for on-campus training and has provided training of in-service librarians via technology with courses at various sites over a particular state. This is done in my state through the Graduate School of Library and Information Science at the University of South Carolina.

Of special note is the investments in recruitment of minorities and handicapped into the profession and the advancement of women into management positions.

To keep the profession moving with the ever changing information needs of its users, funds from Title II-B have been successfully utilized for research and demonstration projects. These projects pave the way for improvement in libraries at all levels.

Title II-C

Strengthening Research Library Resources has been a focus since 1976 under the Education Amendments of that same year. Promoting quality research and education was directed towards major university and research libraries where resources could be acquired which are unique in nature to promote quality and scholarly research. Many libraries banded together to identify and make similar type resources available to researchers. For example, collections of major university libraries were added to the OnLine Computer Library Center (OCLC) data base in subject categories of science, Southeast Asia, mathematics, and Central America. In my own state of South Carolina, the University acquired the Movie Tone NEWS film and Title II-C funds are utilized by adding it to the OCLC data base. Without the assistance of funds from Title II-C, these kinds of collections could not have been acquired and disseminated to scholars for research.

WHAT LIES AHEAD FOR THE FUTURE AND ACADEMIC LIBRARIES

An electronic library is the library of the future and many academic libraries are moving in that direction now. Approximately 6,000 libraries contribute to be OCLC data base of millions of records available anywhere in the United States and abroad. Regional networks, such as the Southeastern Library Network (to which our library belongs) give us access through membership to OCLC. Through display terminals, we can locate resources needed by researchers, faculty and students for information needs. This access by no means takes the place of the basic collection that a library should provide for its basic constituency or users. Access to DIALOG, a large commercial information-retrieval system, or a similar corps of data banks, makes available to local users references pertaining to their individual information needs. As another move to the electronic library, the computer search is now moving from bibliographical citations to full-text data.

Publishing costs are spiraling at an astronomical pace, but college and university library budgets are experiencing terrible cutbacks because of restrictions on parent

institutional budgets. Therefore, buying books at an average cost of $30.84, and keeping up with periodical subscription rates at an average cost of $50.23 are becoming out of reach for many academic libraries. Yet, there are libraries that cannot afford to belong to regional networks, nor acquire the services of information retrieval systems, such as DIALOG or Bibliographical Retrieval Services designed especially for academic libraries.

However, for academic libraries, the move towards the 21st century and the advantages and advances of the computer technology age, financial assistance from the government is a much-needed item. Our profession is like others, we must be online, we must be networking and we must be cooperative to gain quality input and output for maximum benefit to meet the information needs of our users.

Academic libraries need federal funds for the following: (1) current and retrospective resources for its diverse users; (2) computer hardware and software for quality and quantity dissemination, utilization and evaluation of information services; (3) staff training to provide information service to our users; (4) costs associated with computer operations, e.g., online charges, and (5) research and demonstration projects.

SPECIFICS OF PENDING LEGISLATION

I will turn now to the specific library provisions in the measures pending before the subcommittee, and I should note that in this section my testimony has been developed in coordination with the American Library Association and the Association of Research Libraries.

Both associations recognize and appreciate the concern and interest in Higher Education Act library programs expressed by Chairman Simon, a staunch and longtime supporter of library services, and by so many members of the subcommittee. Some subcommittee members, questioning whether the HEA reauthorization process would be completed this year and concerned about the continued funding of the HEA II-A college library resource grants and the ability of academic libraries to keep up with changing information technology, developed a separate bill on title II, H.R. 5210

ALA's Legislation Committee established an ALA/ACRL ad hoc task force on HEA II to react to the original outline of HEA legislation developed by Chairman Simon last December. That task force also reacted to the measure (H.R. 5210) developed by Reps. Ford and Coleman, and to H.R. 5240 as introduced. This section synthesizes the viewpoints of the ALA task force and of ARL as hastily obtained in the short period of time since H.R. 5240 became available. We will refer both to H.R. 5240 and H.R. 5210 in expressing our concerns and making recommendations.

We are pleased with the strong support evidenced toward library programs in H.R. 5240. There is great merit in many of its provisions. We would like to make some suggestions to fine-tune the title II provisions by incorporating the need criteria and technological assistance provisions from H.R. 5210. Specifically—

Authorization levels

We feel libraries could make good use of the levels suggested in H.R. 5240. We would prefer levels somewhat higher than those in H.R. 5210. However, we recognize that the Administration and Congress share a concern for making reasonable economies in federal programs. We also recognize that authorization levels ought to bar some reasonable approximation to what might be appropriated. Given the recent funding history of II-A and B, it is uncertain whether the library community would see the levels in H.R. 5240 as reachable.

Library unit

H.R. 5240 would establish a library unit within the Office of Postsecondary Education to administer and coordinate all Education Department library programs. We have long supported an ED library unit at the highest possible level, and agree that it should administer all ED library programs. However, the Center for Libraries and Education Improvement, which was established last fall in the Office of Educational Research and Improvement, is a more appropriate location than the Office of Postsecondary Education. The library programs administered encompass a wide range of libraries and library programs—academic, school, public, and state as well as library education programs.

Need criteria

Although we feel a case can be made for federal assistance to all academic libraries to improve and share their resources, we support the development of criteria to target the II-A college library resource grants to the neediest institutions. ALA has

considered various approaches to need criteria over the last several years. It is a difficult task because the determination of quality library service or of need for assistance to achieve it is not easily quantifiable.

The assurances and criteria in section 3 of H.R. 5210 (pp. 4–5) would, we believe, direct the grants to those institutions with the greatest need. They provide a practical approach and appear workable; reaction from our members has been generally favorable. Where comparisons are needed, they would be made to other institutions of comparable size and program. We recommend that the subcommittee incorporate these provisions in title II–A.

We have some concerns about tying grant eligibility to the ACRL standards as proposed in H.R. 5240. The ACRL university library standards are purely qualitative; they do not include quantitative measures. The ACRL four-year college library standards include quantitative collection measures, but these are currently being rethought. There is an ACRL supplementary statement on quantitative standards for two-year learning resource programs, but the lack of standard definitions for non-print materials and the variety in program and mission among two-year institutions make these standards inappropriate as grant eligibility criteria.

At one time the former Office of Education did use simplified quantitative measures for collections in different types of institutions as part of the eligibility criteria for the former II–A supplemental grants. However, the provision of library and information services has grown more complex since that time. The college library standards subcommittee on which I serve has been discussing performance and output measures rather than simply counting the items acquired by the library.

In addition, the use of "the extent to which the institution is in the lowest quartile of applicant institutions" with respect to the ACRL standards could unduly restrict the number of eligible applicants if only those who were truly needy or only those who had previously been successful applicants applied in the first place.

Another criteria in H.R. 5240 would connect eligibility to the institution's own effort in support of its library. We agree that non-effort should not be rewarded, but specifying at least 3 percent of the institution's operating budget for the library may exclude some truly needy academic libraries whose institutions are making a good faith effort at library support. The Carpenter study cited earlier found that in 1977, 12 percent of the libraries were below 3 percent and 38 percent were below 4 percent. The percentage below 3 percent might be higher in these days of budget stringency.

Tying eligibility to one form of student aid (Pell Grants) did not seem to our members to have a direct relationship to the need of the library for assistance. If a tie-in to student aid is considered necessary, the comparable percentage of institutional budget use for student aid, as in H.R. 5210, is preferable.

The fourth criteria in H.R. 5240 relates to institutional eligibility under HEA title III. As proposed for revision in H.R. 5240, title III institutions would have broad institutional needs which might include needs for library assistance, in which case funds for library materials, renovation, etc., would be an eligible purpose under title III. Therefore, it is not necessary to include title III eligibility as a criteria for title II library assistance; doing so could put some very needy institutions at a disadvantage.

With a slight revision, we support the fifth criteria in H.R. 5240 which would allow the Secretary of Education to consider (up to 10 percent) other relevant and useful factors. We recommend that the institution be allowed to provide such other evidence of need as it considers relevant and useful and that the Secretary be required to consider any such reasonable evidence.

We support provisions in both H.R. 5240 and H.R. 5210 that II–A eligibility criteria be evaluated promptly. It is impossible to predict precisely how any set of need criteria will work in practice. Adjustments may be necessary based on the first year or two of experience. Either the National Institute of Education (as suggested in H.R. 5240) of the National Commission on Libraries and Information Science (as suggested in H.R. 5210) could perform an effective evaluation. Since NCLIS was established specifically to advise the Congress and the President on library and information policy issues, it would be appropriate to require the Commission to perform the evaluation.

Library technology

We enthusiastically support the new part D, College Library Technology and Cooperation Grants, as proposed in H.R. 5210. For many academic libraries, crossing the hurdle to the electronic online environment is difficult. It requires one-time start-up costs that can be insurmountable. It increasingly requires a major continuing commitment in terms of online charges and telecommunications costs. Divesti-

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ture-related tariffs and access charges may cause increases of around 73 percent in telecommunications costs for library data communications over private phone lines.

But once that hurdle is crossed, the world is opened to rapid, efficient retrieval of information for journal citations, scientific data, cataloging data, interlibrary loan, and acquisitions and circulation control. It is most appropriate that the federal government provide an incentive and modest financial assistance to academic libraries to provide students and faculty access to electronic information and to enable libraries to share information and resources. The grants for academic library technological equipment, for joint-use library projects, and for demonstration projects utilizing new technology proposed in the new part D would fill a pressing need.

The new part D proposal is based on a recommendation of the American Council on Education's task force on HEA II. ALA and ARL participation in the ACE task force deliberations. The basis of the ACE task force recommendation for technological assistance was the unfunded Special Purpose Grants provision of the current HEA II-B. Thus the new part D is not really new at all, but in this rejuvenated form it would fill what may be the most pressing need of academic libraries today.

If the proposed part D were incorporated to replace the current but unfunded National Periodical System, it would not be necessary to add an information technology priority to the HEA II-B research and demonstration program as proposed in H.R. 5240. Maximum flexibility to respond to the most pressing research needs would be preferable. We would prefer that the Education Department utilize a mix of grants and contracts instead of contracts only when funding is limited. We support continuation of II-B library training, research and demonstration, and of II-C grants to strengthen research library resources.

Foreign language periodicals

We are supportive of assistance for foreign language periodicals in title VI international education. However, rather than create one foreign language periodical center, we would advocate flexibility and suggest grants to institutions that already have strong foreign language programs so materials can be made available beyond those instititions. There is a definite need for foreign language periodicals, especially those from less developed countries. They are expensive and difficult to locate, acquire and maintain.

Other provisions

We support several other provisions of H.R. 5240: (1) assistance for training literacy tutors and assistance for correctional education including library development and services under title I, continuing and community postsecondary education; (2) eligibility of library expenditures under assistance for developing and other institutions under title III; and (3) eligibility of academic library facilities for assistance under title VII construction, reconstruction and renovation.

I hope these remarks will be of assistance to the subcommittee. Thank you for the opportunity to testify.

PREPARED STATEMENT OF LINDA FLORES, EXECUTIVE DIRECTOR, ON BEHALF OF THE COUNCIL ON LEGAL EDUCATION OPPORTUNITY

Good morning. I am Linda Flores. I appear before you today in my capacity as both the Executive Director of the Council on Legal Education Opportunity (CLEO) and, perhaps more significantly, as a former CLEO student, to discuss the legislative reauthorization of the program as well as the Administration's FY 1985 budget recommendation. Although this Subcommittee is familiar with the program's purposes and objectives, it is nonetheless important for this Subcommittee to have a complete understanding of CLEO's vital role in providing continued access to the legal profession for the economically disadvantaged and why, in this era of reduced federal spending, Congress should nervertheless continue its support of CLEO as sound educational and financial policy.

CLEO BACKGROUND

The Council on Legal Education Opportunity, joint program of three national bar associations and two organizations representing legal education and accreditation, was formed with both federal government and private financial suport in 1968 to redress the dramatic underrepresentation of minority and economically disadvantaged groups within the legal profession. The concerns of 1968 were concrete: less than 1% of the lawyers of this country were Black and in some states there were more than 30,000 Black residents for each Black lawyer; and the comparative fig-

ures for other minority and disadvantaged groups were even more discouraging. Many people realized then that the unrest of the '60s and other troubles would not be resolved until all segments of American society had ready access to the means for peaceful dispute resolution through the legal system, and representation in the decision-making arenas of society.

The CLEO program seeks to reduce the underrepresentation of disadvantaged groups within the legal profession by providing an alternate mechanism for assessing, within the law school environment itself, the potential of each program participant for the study of law. Thus, the program is designed to serve those persons who aspire and are qualified to enter the legal profession but who, because of substantial economic deficiency and marginal admission credentials, may be unable to gain admission to law school under traditional admission criteria. The program achieves its goal of identifying qualified law school candidates providing the opportunity for law school matriculation via academic summer institutes for prospective law students and the provision of annual fellowships.

The CLEO Regional Summer Institutes were originally designed to operate largely as a screening process for minority students who would not otherwise be admitted to law school, focusing on the identification of minority and other disadvantaged students who had the potential for successful entry into the legal profession despite their lack of traditional admissions criteria. This focus has changed slightly and is changing further as we learn more about the educational process generally, and legal education, in particular. A bit of history is the most efficient means of explaining how this change has occurred.

Prior to the post-World War II education boom, the traditional approach to law school admissions was to enroll nearly all students who could pay the tuition (except at those schools that were admittedly discriminatory) and weed out the non-lawyers on the basis of law school performance, particularly at the end of the first year of law study. In that era, admission to the profession was determined almost solely by performance in law school, subject to limited further evaluation by bar examinations. The vastly increased number of law school applicants in the post-war era gave rise to the Law School Admission Test (LSAT), which was first administered in 1948, was in widespread use in the mid-50s and in almost universal use by 1960. In the 1960s it became a dominant factor in the admission process for most law schools. As law schools sought to increase their minority enrollments, it became apparent that the LSAT was standing as an obstacle to this endeavor and the legal education community sought an alternative admissions device. The academic summer institutes of CLEO were conceived to perform this service.

It seemed feasible for CLEO to revitalize the concept of performance as a means of determining legal aptitude, at least with regard to minority and economically disadvantaged applicants. The institutes are based upon the premise that significant numbers of economically and educationally disadvantaged students who would be excluded from legal education through the use of traditional measures of aptitude can, with financial and academic support, successfully negotiate the law school curriculum. These institutes mirror the law school experience by providing a six-week intensive study program in legal analysis and law development and emphasize abstract thinking, legal research and legal writing techniques. The academic institutes, which are sponsored jointly by CLEO and regional consortia of ABA-accredited law schools, are staffed by regular law faculty whose primary responsibility during the institute is to evaluate each student's potential for successfully mastering the law school curriculum. Students who successfully demonstrate this potential are provided law school placement assistance and an annual stipend.

The financial component of the program is provided by way of fellowships currently limited to $1,000 a year for each successful CLEO student. The provision of the stipend is contingent upon the satisfaction of several conditions: full-time enrollment at an ABA-accredited law school in the fall term immediately following the institute and the maintenance of "good standing" status throughout the duration of the grant. Presently, over $550,000 annually is provided by CLEO to its Fellows enrolled in law school.

In addition to the summer institutes and fellowships administered by CLEO, the National Office prepares course materials, has operated an Application-Sharing Project by which promising but unsuccessful candidates are referred to other law schools, serves as a catalyst for innovative projects in admissions, cooperates and shares information with special admission programs operated by individual law schools and generally serves as a repository of data and information about legal education and the disadvantaged.

The CLEO Program has also published, in conjunction with Oceana Publications, Inc., two major hard-bound works of particular interest to legal educators and schol-

ars. The first publication, *Defunis* v. *Odegaard and the University of Washington*, is a three-volume set containing the complete records and briefs of the case; the second, *Bakke* v. *Regents of the University of California*, is a six-volume set similar to the *DeFunis* work. In addition, CLEO has published, in cooperation with the Howard University Law Journal, a special edition law review containing selected papers from a two-day symposium which commemorated CLEO's Tenth Anniversary. CLEO also has compiled statistical information to document the Program's achievements, the results of which are contained in the publication, "Toward A Diversified Legal Profession" (Appendix I).

CLEO REAUTHORIZATION PROPOSAL

The proposal for CLEO reauthorization under Title IX of the Higher Education Act of 1965, as amended is premised upon the continuing need for an increase in the number of attorneys from minority and economically disadvantaged backgrounds, as well as an increase in the amount of the stipend award through the CLEO fellowship.

The need for minority representation within the legal profession

While there is evidence that minority group access to legal education has increased dramatically since 1968 in contrast to previous levels, it still appears that meaningful access to graduate and professional opportunities by disadvantaged Americans continues to be an elusive goal. The 1983 Annual Survey on Current Population Statistics of the Bureau of the Census reports that of the 612,000 lawyers in the United States, only 2.6% are Black and .9% are Hispanic. These figures represent a dramatic increase over previous levels and is attributable to the affirmative admissions efforts of more than a decade. However, when one considers the fact that the number of all minority students enrolled in law schools has stabilized at 8% over the last five years, there is little doubt that the disparity which served as a catalyst for these special efforts has yet to be sufficiently ameliorated to warrant dismantling of these programs. In fact, the Law School Admission Council (LSAC) has recently launched a major initiative designed to increase the number of minority students enrolled in law school annually to address the minority community's needs.

The effort toward meaningful economic and political participation of minorities has been diligently pursued in higher education for very cogent reasons: higher education has proven to be a more effective vehicle than most for obtaining a more equitable distribution of political influence, simply because those persons most involved in the decision-making process of this country, are, themselves, products of the higher education system. This phenomenon is particularly relevant to the legal profession given its role within the country's decision-making process generally and its historic lack of accessibility to minorities and the disadvantaged. The profession's impact on the formation of national policy is widely conceded because of the relationship of lawyers to all three branches of government, comprising almost exclusively the judicial, and significant percentages of both the legislative and executive; in fact, 50% of the current Congress is legally-trained. It is this unique role played by the legal profession that raises compelling reasons for a continued emphasis on increasing the number of attorneys from minority and disadvantaged backgrounds.

Although the media has portrayed law graduates recently as having great difficulties in securing suitable employment, it appears that law school enrollments are reflecting a relatively rapid adjustment to the forces of supply and demand. The most recent sttistics show that law school enrollment has leveled-off after more than a decade of dramatic increase. The prevailing approach of legal education has been to attempt to make legal education available to all who are qualified and desire to enter the profession, leaving market forces to operate freely. This approach is designed explicitly to avoid closing or restricting access to the profession, but in a time of economic pretraction, it runs the danger of reducing access possibilities not on the basis of reasonable probability of academic success but on financial grounds.

The need for increased CLEO stipend assistance

Unquestionably, the value of the $1,000 CLEO student fellowship has been affected negatively (between 1968–1983) by the inflationary economic cycle affecting the country at large. The U.S. Bureau of Labor Statstics has provided the following information regarding economic trends and their impact on the value of the dollar:

Table I
Consumer Price Index

1967	100.0%
1968	104.2%
1969	109.8%
1970	116.3%
1971	121.3%
1972	125.3%
1973	133.1%
1974	147.7%
1975	161.2%
1976	170.5%
1977	181.5%
1978	195.4%
1979	217.4%
1980	246.8%
1981	272.4%
1982	289.1%
1983	298.4%

Table II
Purchasing Power of the Dollar

$1,000
.960
.911
.860
.824
.798
.752
.678
.621
.587
.551
.512
.460
.405
.367
.346
.335

Table I reflects the annual average U.S. Consumer Price Index for the periods covered. Assuming that we begin with a $100 base, the value of the consumer purchasing power must increase correspondingly to the figures shown for succeeding years in order to provide the same degree of purchasing power established in 1967. Table II reflects the annual average general purchasing power of the dollar between 1967 and 1983. Assuming that we begin with one dollar ($1.00) as a base, the actual purchasing power of the dollar has decreased correspondingly by the figures shown through the succeeding years.

The figures reveal a general decline in both consumer purchase power and the relative value of a dollar by at least 67% over the period of 1967 to 1983. Hence, the CLEO annual fellowship award has decreased substantially in value to the economically disadvantaged students served by the Program.

It should also be noted that there has been a general, across-the-board decline in financial aid available to students pursuing law degrees. Furthermore, while opportunities for minorities and the economically disadvantaged have expanded, the cost of education—especially in graduate and professional schools—has continued to rise in the last decade, thereby increasing the law student's financial burden and making legal study more prohibitive for the disadvantaged student; for the 1983–84 academic year, tuition at approximately half of the nation's law schools fell within the $5,000 to $10,000 range. For the last several years, CLEO has experienced a 20% rejection rate due entirely to students' need to earn funds over and above that provided by the $1,000 CLEO stipend. In the final anaylysis, therefore, there is an acute need for increased CLEO stipend assistance merely to maintain the original thrust of the Program.

Since its inception, CLEO has complied with the three-pronged test set forth by the Administration for continued federal support of worthwhile programs: (1) demonstrated success; (2) fiscal integrity; and (3) substantial elements of voluntarism in the program.

CLEO is one of the few federally-funded programs of its type which has compiled substantial documentation of the program's overwhelming success. Since 1968, CLEO has provided an opportunity for law study to some 3,417 students. Available data clearly demonstrates that CLEO Fellows have attained an impressive record of achievement by any measure, including performance within the academic arena of law school, bar performance, and most importantly, the employment activities of the program's graduates. The program has produced approximately 2,000 law school graduates involved in a broad spectrum of legal and law-related activities, including judges; a law school dean; a state representative; law professors; executive administrators in various fields; Congressional staff; and lawyers (public interest, private, corporate), etc. (see Appendix). The net result of the program has been increased access to the legal system and to the decision-making machinery of the country by

those who have been historically disenfranchised for reason of race and/or economic status. Thus, the CLEO model of academic and financial support is one that works!

The Program is cost-effective, while many programs have suffered substantial cost increases over the years, CLEO has been a rare exception. In the last ten (10) years, the program has continued to service its disadvantaged student population with virtually no increase in cost to the federal government. Judicious cost-saving measures have been implemented over the past several years with an eye toward fiscal austerity, including executive staff salary freezes and significant reduction in program staff; once staffed by eleven employees, the program now operates with the dedicated staff of six. A careful review of the program's budget already reveals a "bare-bones" operation.

In addition, the ABA has for years been a principal contributor in its dual capacity as one of CLEO's sponsoring organizations and administrative conduit for its funding from the federal government. The ABA contributes annually over $100,000 to the program's operation to address unanticipated financial obligations unmet by any other funding source. Additional contributions are provided by the other sponsoring organizations as the net federal funding has substantially decreased.

The annual stipend of $1,000 for each successful institute participant, as noted, is woefully inadequate by today's standards. Other federally-funded graduate and professional programs, e.g., GPOP and Public Service Fellowships, have provided stipend assistance of minimally $4,200 per year and some have had institutional support components as well. This disparity in funding levels for students funded through similar federal programs under the same legislation has substantially hampered CLEO's efforts to provide even minimally acceptable financial assistance. It was to correct this disparity in assistance, coupled with the program's impressive record of achievement, which encouraged Congress in 1980 to amend CLEO's legislation to provide new appropriation ceilings under the reauthorized Higher Education Act of 1965.

The final element of the Administration's test has also been met. Since CLEO's inception, the federal support has served as seed money for generating the revenues necessary for conduction of the academic institutes from the law school community. Initially, the non-federal share represented between 20–30% of the total institute costs. However, over the last several years, the ever-spiralling costs of legal education coupled with the effects of inflation, have thrust an even greater share of the institutes' operating costs upon the law school; given the fixed level of federal support, the law school community now absorbs approximately 60% of institute costs as a demonstration of their commitment to the program. The law schools, without federal assistance, cannot maintain the academic institutes while themselves facing reduced education budgets.

In addition, the law schools provide tuition scholarships, as well as other forms of financial support in recognition of the CLEO Fellow's marginal economic stability. At a time when legal education is, itself, in a difficult fiscal situation, it is extremely important to realize that the $1,000,000 of annual federal support for this program generates as much as $3,000,000 in cash and services annually from the law schools. And, it is unlikely that these funds will continue to be forthcoming without the catalyst provided by CLEO. The absence of CLEO from the legal education arena and the national scene generally would serve notice to the country that the involvement of disadvantaged communities in the body-politic is no longer a social priority. When coupled with the present shift in national priorities to economic concerns, the continued viability of the CLEO program assumes symbolic proportions.

The elimination of all federal support to CLEO in FY 1985 will have an adverse effect on the program's continued viability. Because the program receives its Congressional appropriation on an annual basis, the proposed cuts would have the greatest immediate impact on the CLEO Fellows presently enrolled in law school. Their background of economic disadvantage, coupled with their receipt of the maximum in available loan resources, makes it unlikely that the modest amount represented by the CLEO fellowship can be recouped through alternative sources of financial support. For most CLEO students, the $1,000 stipend plus corollary tuition scholarships and loans mean the difference between attending or not attending law school. Thus, it can be anticipated that many will be required to interrupt, if not totally discontinue their law studies at a point close to completion.

The federal government has made a major commitment in the last decade to increasing educational opportunities for the poor and disadvantaged groups within society. This is an important commitment not only in terms of fairness, but also in terms of wise allocation of resources. Compared to many federal support programs, CLEO is impressive because the payoff is concrete, clear and quick. the modest federal support is matched several times by the substantial voluntary contributions of

the law school community and is repaid to the government many times over in higher taxes from these individuals and in services to their respective communities.

Although the federal allocation for CLEO represents an extremely modest amount in the overall scheme toward fiscal austerity, its elimination will have a disproportionately negative effect on the disadvantaged communities the program services, particularly given other cuts in social programs. The legal profession is one of the most direct means by which these groups can be fully incorporated into the framework of this society and participate fully in its advantages and benefits. Recognizing that there are current demands on the federal purse that call for fiscal integrity, the very small amount of money required for CLEO can bestow huge dividends for the future.

Thank you for your time and attention.

CLEO FELLOWS PERFORMANCE DATA

Implications for Affirmative Admissions after Bakke

Preliminary Analysis of Academic and Bar Performance of Council on Legal Education Opportunity Program Fellows, 1968–1978

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I. INTRODUCTION

It may well be an understatement to call *Regents of the University of California v. Bakke*,[1] the most significant United States Supreme Court decision affecting the interests of this country's minority groups since *Brown v. Board of Education.*[2] No case in recent years has generated such widespread public concern and excitement as *Bakke*; a record sixty-two *amicus curiae* briefs representing various political interests were presented to the Court for consideration. Poitical demonstrations, both pro and con, over *Bakke* and its suspected impact in the area of minority group access to higher education versus the rights of the "individual" dominated media coverage. Justice Thurgood Marshall, after providing the court in *Bakke* with an impassioned historical analysis of the evolving political status of America's minorities, went on to state:

> I fear that we have come full circle. After the Civil War our government started several "affirmative action" programs. This Court in the Civil Rights Cases and *Plessy v. Ferguson* destroyed the movement toward complete equality. For almost a century no action was taken, and this non-action was with the tacit approval of the courts. Then we had *Brown v. Board of Education* and the Civil Rights Acts of Congress followed by numerous affirmative action programs. Now, we have this Court again stepping in, this time to stop affirmative action programs of the type used by the University of California.[3]

Justice Marshall's implication is clear and unmistakable. Just as the Court effective ended America's first "Reconstruction", it was feared that it may have signaled with *Bakke* an end to the "second" as well.

There is much irony associated with Justice Marshall's dire prediction regarding the possible end of the "second reconstruction." For some, there is an inherent assumption that minority group economic, political and social gains during the approximately twelve-year period of affirmative action in higher education and employment have been immense; so immense in fact that some would proffer that there has been a declining significance of racial prejudice as a major determinant in the social advancement of minority group individuals.[4] And while there is evidence that through affirmative action admissions minority group access to higher education increased dramatically in contrast to previous levels of enrollment, there is also data which justifies less enthusiastic conclusions as well.[5]

It appears that meaningful access to graduate and professional opportunity by minority group Americans continues to be an elusive goal in the quest for greater economic and political particiption in the mainstream of society. Although significant numerical increases have been achieved vis a vis minority access to all levels of participation in higher education (when compared with pre-affirmative action period enrollment figures), the goal of parity in the percentage of minority individuals in particular academic disciplines in comparison with their representation in the population at-large is still a distant dream.[6]

Although affirmative action admission programs have been initiated in one form or another at graduate and professional levels within most academic disciplines, shifting social priorities, public misperception of actual minority achievement and a shifting economy have served to undercut substantially the reserve of "good will" which provided such a compelling catalyst to initiate many of these programs in 1968. There are numerous reasons (which will not be discussed herein) for this shift in attitude and support regarding aspirations of Blacks and other minorities for greater access to higher education opportunity. However, a review of enroll-

ment patterns in law, medicine, engineering and business during the period 1968 to 1978 reveals, at best, a marginal "stabilization" of fairly minimal representation by minorities in these disciplines; or, at worst, they seem to project a decline in overall access to future opportunity in several select areas.[7] Based on these figures alone, the projection of significant social gains by minority groups through access to higher education opportunity, at least in the 1980's, does not appear overly promising.

II. LEGAL EDUCATION

An examination of the enrollment patterns of Blacks and other minority groups in legal education is typical of the data in the other disciplines noted. Between 1969, the advent year of race-conscious affirmative admissions in law schools, and 1979, enrollments in American Bar Association-approved schools swelled from 68,386 to 122,860 or 79.6%.[8] The reasons for this somewhat phenomenal growth are many, however, they can be distilled into essentially one factor. Over several decades, primarily because of social pressures and by government action, the relationships, rights and obligations of many persons and groups have been cast in legal terms. This has resulted in thrusting more of the problem-solving efforts of society onto the legal system, and made access to the legal profession critical in the vindication and determination of rights.[9]

During the early period of affirmative admissions, women and minorities were co-equals on the bottom rung of the admissions ladder. In 1969 women constituted 4,715 of the total or 6.89%; total minority enrollment reached 2,933 (4.29%), with more than one-half of that number derived from first-year admittance. Specifically, Black enrollment 2,128 (3.11%), and for other groups at this time, figures were even less substantial: Mexican-American enrollment totalled 412 (.6%); Puerto Rican representation numbered 61 (.08%); Pacific Islanders numbered 480 (.7%); and other Hispanics and American Indians equalled 75 (.11%) and 72 (.11%), respectively.[10]

In 1974 when the first significant judicial challenge to race-conscious admissions, *Defunis v. Odegaard*,[11] was heard by

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the Supreme Court of the United States, total law school enrollment had reached 110,713, or 42,327 more students than in 1969 (68,386), an increase of 61.9%. Black enrollment had grown by 134.7% in that same time to 4,995 students, an increase of 2,867 students; but Blacks still represented only 4.51% of the total law school enrollment. Similar numerical increases were achieved by other minority groups, yet marked underrepresentation overall continued to characterize the comparisons:

TABLE I

	1974 Enrollment	% Increase	% of Total Enrollment
Mexican-Americans	1,357	229.4%	1.23
Puerto Ricans	263	331.2%	.24
Asian/Pacific Islanders	1,063	121.5%	.96
Other Hispanics	387	416.0%	.35
Amer. Indians/ Alaskan Native	265	268.1%	.24

Interestingly, 21,788 women had come to represent 19.7% of the total enrollment figure by that time, a numerical increase of 17,073 students and a percentage increase of 362.1%.[12]

By 1978 when the court had rendered its opinion in *Bakke*, total law school enrollment had expanded to 121,606 students, an increase over the '74 figures of 10,893 or 9.8%. Women, on the other hand, had far out-stripped this growth for the same period, from 21,788 to 36,808, an increase of 15,020 students or 68.9%.[13]

Both Black and Mexican-American enrollment for the 1974-78 period remained relatively constant: the former rose from 4,995 to 5,350, a net increase of 355 students (7.1%) and the latter increased from 1,357 to 1,462, representing an overall increase of 105 students (7.7%). Of all groups examined only total male enrollment for the intervening years between *DeFunis* and *Bakke* actually decreased in number from 88,925 in 1974 to 84,798, a drop of 4.6%.[14] It is important to note that the decline in male enrollment occurred at a time when total law school enrollment expanded considerably.

Although covering only one discipline, the foregoing statistics seem at substantial variance with the general public perception regarding the actual numerical impact of race-conscious affirmative admissions programs on total law school enrollments. Beginning ostensibly with *DeFunis*, the sensationalist response of the media and political action groups' notions of "reverse discrimination" have helped create an impression among the public that race-conscious admissions of Blacks and other minorities served to bar "legitimate," merit-based enrollment of White males. Often it was implied and widely believed that but for the existence of an affirmative action program, a denial of admission to a seemingly qualified White male would never have occurred.[15]

In reality, minority enrollment programs in law schools were never a significant factor in the continued declining enrollment of the seemingly threatened White male. From 1974-79 the Black student enrollment average "stabilized" at roughly 4.5% over the five-year period; it has yet to exceed the high percentage achievement of 1976 when Blacks constituted 4.69% of total enrollments and Chicano enrollment rose to 1.27% of the total. And although the other minority groups experienced some increases, the overall enrollment for all but one of these groups has remained under or close to .5% of the total law school enrollment.[16] As noted earlier, legal education underwent considerable expansion of available seats to accommodate increased interest. However, such an expansion could not keep pace in maintaining the status quo (in terms of the 1974 ratio of men to women) with the new applicant pool of highly qualified women.

Note further, that although opportunities broadened through the establishment of more law school seats, not one new school accredited by the ABA between 1968 and 1979 was affiliated with a predominantly Black institution. Of the 169 schools presently approved by the ABA only four (4) are affiliated with historically or predominantly Black schools (Howard University, Texas Southern University, North Carolina Central University, and Southern University).[17]

In the final analysis, it appears that race-conscious affirmative admission in law schools has "taken the fall" in a misperceived conflict for public support pitting the rights of the indi-

vidual against the interests of minority groups. The apparent tightening of the enrollment of White males occasioned primarily by the expansion of women's enrollment has received little public attention. The irony, of course, is that increased affirmative recruitment of women for law study was based in part upon the successful political inroads and arguments established by Blacks and other racial/ethnic minorities.

The vulnerability of race-conscious admissions, in federal constitutional terms and politically, in contrast to the relative acceptance of the increased admission of women, is in large measure responsible for the proliferation of legal attacks on special admission programs. Although minority groups and women have been victims of active discrimination in admission to law schools, the rationale underlying this discrimination and the remedy for each is completely different. Because many women have presented general admission qualifications equal or superior to the prevailing standard in law schools,[18] the remedy to the problem of their discrimination in admission and their underrepresentation in the profession had a somewhat simplistic solution which required little alteration to the existing "meritocratic" selection process. Active recruitment and an end to discrimination based on sex alone have been sufficient to increase dramatically the number and percentage of women in law schools.

Race-conscious admission as a remedy to the pervasive effects of past discrimination against minorities has required, in addition to special sensitivity in recruitment, dual admission criteria (separate from the prevailing standard) because of the disparate academic credentials (particularly standardized tests scores) of many minority applicants. And although necessary to the early success of programs to increase minority enrollments, it is the existence of dual criteria in admission without a sound juridicial and/or theoretical foundation which continues to pose a dilemma for greater access by Blacks and other minorities to a legal education. This may well have been the central message underlying the Court's views in *Bakke*.

On the question of race-conscious admissions, it has been difficult to decipher *Bakke*'s true meaning for the country as a whole and for minority groups in particular. From a legal

standpoint, *Bakke* said very little. With seemingly fragmented opinions and little solid philosophical consensus, the *Bakke* decision may not be an accurate prediction of the Court's future direction; *Bakke* may or may not speak authoriatively to similar litigation in the same area. Only subsequent litigation and judicial refinement will shed any real legal insight beyond what we already know. However, and lest we forget, *Bakke affirmed* the positive use of race within the admission process to higher education,[19] and in so doing, sanctioned the legitimate consideration of past discrimination against racial groups as a basis for voluntary remediation.

In several aspects, *Bakke* was more than just a court decision; it was a national phenomenon. As Justice Marshall implied, *Bakke* may have been symbolic of a public policy shift portending cataclysmic impact on a range of questions involving minority group aspirations beyond 1980. *Bakke* is unquestionably reflective of a peculiar state of mind precipitated by America's current economic condition. But on its underside, *Bakke* is also an attack on the concept of "group remedy" for the legatees of group injustice. Hence, *Bakke* pits notions of individual rights against the rights of historically disenfranchised groups.

In many ways, *Bakke* begged far more questions than it answered. This is attributable not only to the scanty evidentiary record at trial, but also to the inherent limitations placed on any judicial review of a major social policy issue. The record number *amici* briefs posed questions ranging from social policy concerns, through testing, to the question of the decision's general economic impact and beyond. To some extent, the posing of a narrow question within the judicial forum may be dispositive of the final legal outcome. However, the judicial forum, as evidenced by the Court's seeming indecision in *Bakke*, may be too narrow a perspective from which to examine fully the range of questions the country posed.

Among other things, *Bakke* has highlighted the need for greater understanding of what educational measurement can and cannot accurately determine. The Court's decision could lead to inappropriate changes in admission policies in professional schools if it is seen as negating some sound

practices of selection which employ both test and non-quantifiable data in decision making.[20] Consequently, the legitimacy of the testing industry and its practices must be severely scrutinized.

The twelve-year experience of the Council on Legal Education Opportunity (CLEO) has helped to shape much in the way of affirmative admission program development in legal education and may shed some light on its future after *Bakke*. Experiment, refinement, and instituionalization have earmarked much done in the name of minority group access to legal education opportunity over the last twelve years. CLEO itself can take some credit for this expansion of access to educational opportunity. Begun in 1968 through the support of two national bar associations and organizations involved in legal education and accreditation, CLEO was one of the earliest progenies of the struggle to expand educational opportunities for minority groups.[21]

Because CLEO sponsorship brought together diverse elements within the higher education community, including foundation interests and the federal government as well, the program soon became symbolic of the overall effort to broaden higher education admission beyond the law schools. The CLEO model of academic and financial support established early the validity of the program's deceptively simple, yet effective operating premise; that is, that minority and economically disadvantaged persons could be rapidly and successfully infused into legal education with no diminution in academic standards, notwithstanding measurement predictions to the contrary. Since CLEO's inception in 1968, some 2,600 persons have met the program's challenge and in the process have compiled impressive records of academic and professional achievement.[22]

However, the twelve years of CLEO have also witnessed another major educational accomplishment. With the gradual proliferation of affirmative action admissions programs has also come the increased availability of "performance related" data concerning the minority group student within affirmative action admissions. Thus, many implicit yet prevailing assumptions on minority group performance within the academic arena may now be examined in ways not previously available

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to us. This is no small development since many of these programs were based, initially, on untested theories regarding the academic potential of minority group students. Moreover, the opportunity to examine long-term implications and societal effects of these programs vis-a-vis the current career placement of program graduates can now be explored with more than merely theoretical projection. This information, unobtainable ten years ago, is a significant underlying consideration although totally ignored in the Supreme Court's analysis in *Bakke.*[23]

III. CLEO BACKGROUND

The Council on Legal Education Opportunity was formed in 1968 as a joint project of the American Bar Associtiion, the National Bar Association, the Association of American Law Schools, and the Law School Admission Council; in 1972, La Raza National Lawyers Association became a sponsoring organization as well.[24] CLEO's programs have been designed specifically to serve those educationally and economically disadvantaged persons who, but for a program such as CLEO, would have little chance to attend an accredited law school because of economic and admission credential limitations.[25] The concerns of 1968 were concrete: less than 1% of the lawyers in this country were Black and in some states there were more than 30,000 Black residents for each Black lawyer.[26]

The present CLEO program has two central components of direct service to students in addition to its services to the law schools. The two primary student components are summer institutes for prospective law students and annual fellowships of $1,000 each to the successful graduates of the summer institutes who attend law school. The law schools individually absorb more than half the costs of the summer institutes and provide tuition scholarships, as well as financial aid to CLEO students. It is important to note that the present $1,000,000 annual federal support for CLEO generates as much as $3,000,000 of cash and services annually from law schools. Over 140 ABA-approved law schools currently enroll the approximately 550 CLEO fellows now attending law school.

The CLEO Regional Summer Institutes were originally designed to operate largely as a screening and evaluation process for minority students who would not otherwise be admitted to law school, focusing on the identification of minority and other disadvantaged students who had the potential for successful entry into the legal profession despite their lack of traditional admissions criteria. This focus has changed slightly as CLEO learned more about the educational process generally and legal education in particular. A brief review of the recent history of law school admission is the most efficient means of explaining how this change has occurred.

Prior to the post-World War II education boom, the traditional approach to law school admissions had been to enroll nearly all students who could pay the tuition (except at those schools that were admittedly discriminatory) and weed out the non-lawyers on the basis of law school performance, particularly at the end of the first year of law study. In that era, admission to the profession was determined almost solely by performance in law school, subject to limited further evaluation by bar examinations. The vastly increased number of law school applicants in the post-war era gave rise to the Law School Admission Test (LSAT), which was first administered in 1948, was in widespread use in the mid-50's and in almost universal use by 1960. In the 1960s it became a dominant factor in the admissions process for most law schools.[27] As the schools sought to increase their minority enrollments, it became apparent that the LSAT was standing as an obstacle to this endeavor and the legal education community sought an alternative admissions device. The summer institutes of CLEO were conceived to perform this service.

It seemed feasible for CLEO to revitalize the concept of performance as a means of determining legal aptitude, at least with regard to minority and economically disadvantaged applicants. The summer institutes offered mini-courses in substantive law along with legal research and writing. Initially, they were largely experimental and varied in program format; some were primarily remedial, some attempted only to identify students who showed promise of

succeeding in law school, and others aimed at orienting students to the study of law. While the institutes still reflect a combination of these elements, their format and primary aim has solidified. In general, greater emphasis is placed on orientation of the students to law school methodology and on evaluation of the law aptitude and potential of the student, while remedial aspects are minimized.[28]

The second component of the current CLEO Program is the provision of fellowships to the students who go on from the summer institutes to law school. These fellowships are provided under Title IX of the Higher Education Act of 1965, as amended[29] and are currently set at $1,000 per year. These fellowships are to be used exclusively for living expenses. Each law school admitting a CLEO student makes a commitment to provide tuition, sometimes in the form of a tuition rebate, sometimes through the use of otherwise available scholarship funds, and more frequently through the use of loan funds.

In addition to the summer institutes and fellowships administered by CLEO, the National Office prepares course materials, has operated an Application-Sharing Project by which promising but unsuccessful applicants to CLEO are referred to selected law schools, serves as a catalyst for innovative projects in admissions, cooperates and shares with special admission programs operated by individual law schools and generally serves as a repository of data and information about legal education and the disadvantaged.

The CLEO Program has also published, in conjunction with Oceana Publications, Inc., two major hard-bound works of particular interest to legal educators and scholars. The first publication, *DeFunis v. Odegaard and the University of Washington,*[30] is a three-volume set containing the complete records and briefs of the case; the second, *Bakke v. Regents of the University of California,*[31] is a six-volume set similar to the *DeFunis* work. In addition, CLEO has published, in cooperation with the Howard University Law Journal, selected papers from a two-day symposium which commemorated the program's Tenth Anniversary in 1978.[32]

CLEO has come to accept the principle that the concept of economic and educational disadvantage in the face of a

baccalaureate degree is not married to the concept of race. "Traditional" admissions criteria have had the effect of excluding many disadvantaged persons from law school regardless of race. Frequently, the CLEO participant is one who, by reason of cyclical poverty and attendant educational deficiency, may have experienced initial difficulty in adjusting academically to the college environment. His or her cumulative grade point average, however, may reflect an upward trend characterized by marked improvement during the third and fourth years. A large number of CLEO students have also, because of their disadvantaged background, attended undergraduate colleges that are less demanding academically than the more prestigious institutions that furnish candidates for law school. When these factors are produced by membership in an isolated group, whether minority or White in ethnic terms, the student fits the concept of disadvantaged.[33]

In response to its own thought processes and the needs of society, CLEO broadened its concerns several years ago to encompass disadvantaged White students. One readily identifiable target population of disadvantaged White students from which CLEO draws can be found in Appalachia. Yet, it comes as no surprise that the ratio of minority students in the CLEO Program remains overwhelmingly high.

The argument is often heard that no person with a baccalaureate degree can be considered disadvantaged, since he or she has an advantage over a large portion of the population. What should be remembered, however, is that this same person can be disadvantaged with respect to other college graduates attempting to enter the legal profession. The patterns that have in the past kept these groups seriously underrepresented in the socially and economically powerful institutions of society and prevented their ready access to the mechanisms for peaceful dispute resolution through the legal system will continue as part of the cyclical poverty to which this Program is addressed. This is the concept of disadvantaged with which CLEO is now working, a concept that recognizes the potential of disadvantaged for both Whites and minority groups.[34]

IV. OBJECTIVES: PROGRAM FOCUS

CLEO's purpose is to increase the number of attorneys from economically and educationally disadvantaged backgrounds. As presently structured, the program includes a six-week, in-residence summer program which is premised upon the following hypothesis: that significant numbers of disadvantaged students who would be excluded from legal education through the use of traditional measures of aptitude can, with financial and academic support, successfully negotiate the law school curriculum. The net result: increased access to the legal system and to the decision-making processes of the country by those who have been historically disenfranchised for reason of race and/or economic circumstance.

Admission to CLEO is contingent upon two primary factors: economic-background eligibility and the prospect for successful matriculation in law school as indicated by the applicant's complete academic profile, notwithstanding marginal performance on the Law School Admission Test.[35]

Although CLEO conducts a more comprehensive approach to selection in its emphasis on non-quantifiable data, the academic screening for the program must still take into account prevailing admissions standards of law schools. CLEO reviews an applicant's entire file to determine what the prospects are for placement in law school once the summer institute experience has been completed. Persons whose records show little real prospect for admission to accredited schools (usually because of extremely low LSAT scores) are not generally accepted. But, neither does CLEO attempt to select merely the best credentialed applicants.

Many persons who have performed exceptionally well in undergraduate school and on the LSAT would benefit less substantially from the summer institute experience because their admission to law school is less likely to be contingent upon this additional measure of performance potential. Most such applicants who may be otherwise disadvantaged are ably recruited by law schools and can successfully compete for institutional and university financial assistance; therefore, to increase the *overall* number of minority and economically disadvantaged members of the legal

profession the program focuses upon a "middle" group. In quantifiable terms, this "middle" group has been established within a range of 350 to 525 on LSAT performance, and an average undergraduate grade point average of 2.82.[36] However, because present funding restrictions limit financial assistance to successful institute participants, CLEO looks to persons who manifest an ability to negotiate law school and in whom law schools, in cooperation with CLEO, are willing to devote substantial attention and resources.

Emphasis in the institutes is placed on the orientation of the student to the law school experience and the evaluation, in a classroom situation, of the law aptitude and potential of the student. As noted previously, compensatory and remedial academic aspects are now minimized.

The curriculum of the summer institutes focuses on two central aspects: the methodology of legal analysis and law development (using specifically structured substantive law courses as vehicles) and the evaluation of students' ability to master it. At a minimum, a summer program's curriculum—which is approved by CLEO's governing board—includes specially-tailored courses which are derived from the first-year law school curriculum and which emphasize abstract thinking methods of legal analysis and synthesis, as well as, legal research methods and techniques. The summer institutes are structured to include such courses as torts, contracts, property, criminal law, etc. Efforts are made to select manageable legal cases which are not generally repeated in the first year of law school; in this way program participants are not lulled by the false belief that they have received a substantive "head-start" on their formal legal training. Each institute also offers a detailed legal writing course which focuses on outlining, organizing thoughts, developing argumentative essays, researching and generally committing to writing legal analyses and responses to problems given in the substantive courses. From 35-50% of the summer institute curriculum is devoted to this purpose.[37]

The intensive course of study covers a six-week period, wherein one-half week is reserved for student evaluations, including "one-on-one" faculty-student performance reviews of institute participants' work. The summer

institutes begin in mid-June and end by July 31st of each year; this schedule is designed to permit maximum program impact on the law school admission process on behalf of successful CLEO participants. Exclusive of tutorial sessions, program participants receive 14 to 16 class contact hours per week. Through constant feedback between the professor/teaching assistant and student, an individual can identify not only academic problems, but also areas of strength—the central focus of the institute program. In this manner, a participant gains confidence in him/herself, as well as in his/her abilities.

Each institute also attempts to establish a close rapport between professors, teaching assistants, and students in an informal atmosphere. Teaching assistants are each assigned a specific number of students, live in the same dormitory facilities as the students, and attend classes with them. A student thus can obtain academic assistance as needed.

V. DATA RETRIEVAL PROCESS

In view of the upcoming legislative reauthorization of CLEO, the CLEO National Office initiated a comprehensive survey in the summer of 1978 to compile relevant data on the performance of the over 1,400 Progrm participants during their matriculation in law school. While data on the three-year law school performance of CLEO Fellows is readily available from the law schools via academic reporting requirements associated with each Fellow's continuing fellowship eligibility, additional data on post-law school performance (i.e., bar data and career patterns) has been difficult to obtain. Although the National Office attempts to solicit this information annually from graduating CLEO Fellows, the data on hand remains incomplete. This has resulted primarily from a failure of CLEO Fellows to remain in contact with the National Office, particularly after graduation, and is further compounded by the typically transient nature of the law graduate vis a vis his/her place of residence.

As a device to initiate the survey, it was determined that CLEO's Tenth Anniversary Commemorative Symposium, held at Howard University School of Law in the Fall of 1978,

could provide a unique opportunity for re-establishing contact with the more than 1,400 CLEO Fellows. The Symposium, therefore, served as the launching point for generating the interest and cooperation of CLEO Fellows in supplying the relevant performance data.

The National Office conducted a review of its internal program files to begin the process of locating Program Fellows. Recognizing that the information contained in the CLEO file would, in many instances, be outdated, it was determined that a process for address verification was necessary. Initially, the process focused upon data obtained by way of the law schools from which the Fellows graduated. Acordingly, a solicitation to all of the then 164 ABA-approved law schools was sent requesting the addresses for all CLEO students having attended their law school since the inception of the Program in 1968, accompanied by a list which denominated each CLEO student by year of law school entry.

The law schools proved cooperative in supplying the addresses which they had on hand. However, in many instances, the information provided proved inaccurate; apparently, many of the schools encountered CLEO's similar difficulty in keeping track of the location of their alumni. Also, a few schools refused to disclose the data, maintaining that student privacy rights precluded the dissemination of the information requested, although at least one law school in this latter category forwarded CLEO's inquiry directly to the Fellows themselves.

Upon receipt of addresses from the law schools, a package of information regarding the upcoming Symposium was mailed to each CLEO Fellow. In many instances, these Symposium packages were returned to CLEO; obviously, the initial success of the venture was entirely contingent upon the accuracy of each law school's address data for its graduates. However, most were not returned to the National Office, nor did we receive the return postcard provided from them.

After the Symposium, a second mailing to those CLEO Fellows who had provided their current address via the return postcard was conducted. This package was directed

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principally at stimulating support for CLEO's reauthorization effort in Congress and included a general letter explaining the reauthorization campaign and the need for their assistance and cooperation, the questionnaire regarding employment and bar performance data, and a request for address information on fellow CLEO participants. It should be noted that the questionnaire and the law school reporting files have been, and continue to be, the central components for obtaining the data for the CLEO Fellows Performance Survey.

Because current address information on CLEO Fellows remained difficult to obtain, the data retrieval process developed more slowly than was initially anticipated. The first stage of the process was completed by mid-December, 1978 with more than 1,200 mailings to CLEO Fellows, based on information obtained from both the law schools and CLEO's program files. However, although response questionnaires from the initial mailing were encouraging, by June 1979 the National Office had received only 300 responses. The information was viewed as an insufficient basis for the more thorough study initially envisioned. Therefore, a secondary effort relating to identification of current address information was devised to obtain additional data.

The revised strategy to obtain accurate address information centered on secondary sources which included the enlistment of past Summer Institute Directors' support for the project. This approach was precipitated by offers of assistance from the Directors themselves who had been apprised of CLEO's reauthorization objectives. Because several of the Program's Directors indicated that they had maintained regular contact with Fellows who had participated in their respective Institutes, the National Office, after synthesizing the results of its two previous efforts, compiled a list of CLEO Fellows for whom current address information remained outstanding. The various lists, developed according to the Summer Institute attended, were forwarded to the respective Institute Directors to obtain any address data available to them. Sample questionnaires were provided as well so that they might be fully informed as to the kind of information being sought from the CLEO Fellows.

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In total, the Survey produced bar performance data on approximately 690 CLEO Fellows and employment information for approximately 305. The following tables provide the information on CLEO Fellows' performance in various categories.

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TABLE II** CLEO PARTICIPANT DATA REPORT (1968-1979)

	1968	1969	1970	1971	1972	1973	1974	1975	1976	1977	1978	1979	Total
Number of students participating in CLEO since its inception	161	448	212	221	217	233	225	251	220	221	217	224	2,850
Number of students successfully completing summer institute	151	444	197	210	123	229	225	244	216	208	213	222	2,722
Number of summer institute graduates entering law school	131	400	191	207	210	218	219	234	205	197	203	214	2,629
Number of students who have graduated from law school	83	292	130	138	142	158	161	157	149	NA	NA	NA	1,410
Number of students enrolled in law school receiving CLEO stipends									6	152	159	206	523
Number of students enrolled in law school *not* receiving CLEO stipends									10	2	7	7	26
Total number of students enrolled in law school									16	154	166	213	549
Number of law school graduates who have passed the bar examination	69	176	83	63	56	53	55	47	3	NA	NA	NA	605
Number of law school graduates for whom CLEO has no bar data**	8	85	38	71	81	97	98	98	145	NA	NA	NA	721
Number of law school graduates who failed the bar examination	7	30	10	3	5	8	6	12	NA	NA	NA	NA	81
* Didn't take				1*			2*						+3
Number of students who audited the summer institute programs	0	1	6	3	1	16	23	5	9	11	19	6	91

**Bar information is grossly understated. The CLEO National Office has been conducting an extensive survey over the past year of all CLEO law school graduates to determine more accurate bar statistics. This information is not generally known by the law schools and can only be ascertained with accuracy if it is known in which of the fifty (50) jurisdictions an individual sat for an examination. The survey, when completed, will hopefully provide more satisfactory statistical results.

TABLE II (con't)

Number of students who have deferred entrance, withdrawn or failed in law school

	1968	1969	1970	1971	1972	1973	1974	1975	1976	1977	1978	1979
Deferred entrance	-	-	-	-	-	-	-	-	-	4	3	5
Leave of absence	-	-	-	-	-	-	-	4	1	3	-	-
Academic dismissal	21	52	43	49	31	30	31	29	24	23	-	-
Withdrew-good standing	1	7	10	10	7	1	4	-	-	-	-	-
Withdrew-failing	8	18	7	5	1	3	3	-	-	-	-	-
Withdrew-military	5	6	-	-	-	-	1	-	-	-	-	-
Withdrew-illness/death	1	4	-	1	-	3	2	1	1	2	1	-
Withdrew-financial	-	2	-	1	2	-	-	-	-	1	-	-
Withdrew-unknown	12	18	1	4	28	23	18	18	10	11	9	1
	48	108	61	70	69	60	59	52	36	47	13	6

Unknown Academic Status: Some law schools became reluctant in 1978-1979 to release academic data on CLEO students. The academic status of the following students is presently unknown.

1975	1976	1977	1978	1979	Total
25	6	5	4	0	40

Number of CLEO students presently enrolled in law school —by ethnic breakdown

	1976	1977	1978	1979	Total
American Indian	-	-	-	3	3
Appalachian	1	-	-	1	2
Asian American	-	5	4	5	14
Black	8	80	102	111	301
Black Panamanian	-	-	1	-	1
Black West Indian	-	1	-	-	1
Caucasian	-	2	2	6	10
Chicano	6	44	34	55	139
Cuban American	-	3	2	5	10
Dominican American	-	-	1	-	1
Filipino American	-	-	-	1	1
Hawaiian	-	-	1	-	1
Italian American	-	-	1	-	1
Puerto Rican	1	17	16	18	52
Spanish Surname	-	2	2	2	6
Other Groups	-	-	-	5	5
Total	16	154	166	213	549
By sexual breakdown					
Male	4	83	84	102	273
Female	2	69	75	104	250

Anticipated law school enrollment of CLEO participants in 1979-80: 220

Number of law schools which have participated by accepting CLEO students: 144

The difficulties encountered in retrieving useful data through the CLEO Fellows' Survey has highlighted a common problem in research about affirmative action admission programs in legal education. With few exceptions, most law schools have incomplete data, at best, on the actual academic performance of students admitted via these programs. As for bar perfomance and employment experiences, these categories are even more incomplete.

The dearth of concrete data in this area is reflective of several considerations: First, many schools appeared reluctant to organize data based on race for fear that the information obtained could be misused and/or misunderstood as to its intended purpose. Secondly, to the extent that some of

the early returns in reference to the academic performance of some "specially admitted" students were lower than perhaps expected, it was thought that too great an emphasis on this aspect of the affirmative action admissions questions, particularly through studies focusing only on those students specially admitted, would be premature and contrary to the best interests of these programs. Although marginal performance by some students in these programs should have been anticipated for numerous, valid reasons, such fears of misuse of the data and misunderstanding as to its collection precluded the gathering of information which would ultimately be useful.

VI. DATA ANALYSIS: CLEO FELLOWS' ACADEMIC AND BAR PERFORMANCE DATA

A. Scope of the Survey

The survey of CLEO graduates' academic and bar performance data involved 690 Program Fellows primarily from the entering classes of 1968 through 1975, that is, the law graduates of the classes 1971 through 1978. The survey represented a 48.9% response from the total available pool of 1,410 CLEO law school graduates during the time period covered. It should be noted that no significant data on bar performance and employment pursuits is yet available from the CLEO entering classes of 1976 through 1979: the 1976 entering class (i.e., 1979 law graduates) has not yet been fully surveyed; the entering classes of 1977 through 1979 are currently enrolled in law school.

Table III presents figures reflecting both the number of responses received per class, as well as the total number of students per class who were eligible to respond to the survey. As can be seen, the highest level of response by percentage of those eligible to respond were obtained from the earlier classes of the Program, i.e., 1968 to 1971. While it has been difficult to ascertain the factors behind the high frequency of response from students in earlier years of the program, it may well be attributable to a particularly strong sense of identification with the program and a sense of collegiality which seems to have been shared among the students in these early CLEO classes. To the extent that "word-of-

mouth" contact among Fellows may have influenced the number of responses received, the highest numbers from earlier years may also reflect an increased level of continuing personal interaction.

TABLE III

Class	Absolute Freq. Response	Adjusted Freq. %	% of Responses for Total Class
1968	75 (83)	10.9	90.4
1969	207 (292)	30.2	70.9
1970	91 (130)	13.3	69.2
1971	66 (138)	9.6	47.8
1972	61 (142)	8.9	43.0
1973	61 (158)	8.9	38.6
1974	65 (161)	9.5	40.4
1975	57 (157)	8.3	36.3
1976	3 (149)	0.4	2.9
No Data	4		
	690 (1410)	100.0%	48.9

Employment status may well be another factor which may help to explain the higher frequency of response from graduates of the earlier years. Graduates of the entering classes of 1968 through 1971 have been in the profession for a minimum of six years; their employment data tends to reflect a career pattern of work experiences which are consistent with the early professional experiences of most lawyers. It appears that the first few years of a lawyer's work experience after graduation are used to sharpen practical skills and to secure varied professional experiences. After the first five years or so a pattern of longer-term work experiences seem to emerge, with lawyers shifting emphasis from a variety of experiences to the development of areas of specialization. Data from Fellows of the earlier years tend to reflect the higher salaries and the greater measure of professional "stability" with longer-term professional relationships than is evidenced by more recent graduates.

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B. LSAT and UGPA Data

Tables IV through Table VI provide an interesting, though limited, basis for comparison of the typical law school admissions profile between CLEO and non-CLEO law school matriculants using quantifiable variables such as undergraduate grade point average (UGPA) and performance scores from the Law School Admission Test (LSAT). In addition, data on the variables of race/ethnicity are also supplied, and may help to establish a more accurate view of the typical survey respondent.

Of the 664 Fellows for whom we had admission test score data, the mean score of performance on the LSAT was 422 (score range: 200-800), mean UGPA was 2.76 on the scale of 4.00=A. While it is difficult to make many meaningful comparisons in the law school admissions profile using the undergraduate grade and pre-law test performance of CLEO and similarly-credentialed non-CLEO law school matriculants, it can be said generally that the overall admissions posture of these two groups was consistent. No law school can make predicatively valid admissions decisions utilizing only data from isolated variables without other indicia of student performance capability. In the case of both mean UGPA and LSAT of the CLEO Fellows surveyed, it would be improper to project these factors alone as indicative of the potential law school performance projected for this group at large. This approach would be particularly improper given the weight accorded to non-quantifiable data by most of the law schools which admitted these CLEO students.

However, mean UGPA and LSAT data presents a useful basis for review between CLEO and non-CLEO law school students, particularly when variables of race/ethnicity and subsequent law school performance (Table VIII) are factored into the analysis. For now, suffice it to say that the mean LSAT performance at 422 is currently well below the national norm average of 551.9.[39] It should be noted here as well that although the mean CLEO LSAT data reflects an average composite score drawn over several years of individual scores, there has been no loss in the general reliability of the measuring instrument; the LSAT has not been subject to the same

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inflation factors which have affected other academic measurements such as undergraduate grades.

TABLE IV
STUDENTS' LAW SCHOOL ADMISSION TEST SCORES

Mean	422.33
Median	426.64
Standard Deviation	69.85
Minimum	200.00
Maximum	663.00

Valid cases=664
Missing cases=26

TABLE V
STUDENTS' UNDERGRADUATE GRADE POINT AVERAGE

Mean	2.76
Median	2.78
Standard Deviation	0.44
Minimum	1.33
Maximum	4.12

Valid cases=649
Missing cases=41

TABLE VI
STUDENTS' RACE/ETHNICITY

	No.	%
Asian American	21	3.0
Black	462	67.0
Chicano	159	23.0
Puerto Rican	22	3.2
Italian American	1	0.1
Cuban	1	0.1
Appalachian	1	0.1
Unknown	23	3.3
Total	690	100

Valid cases=667
Missing cases=23

C. Academic Performance

Tables VII and VIII reflect the law schools attended by those Fellows reporting to our survey, as well as the general academic performance of these individuals by year of enrollment. It should be noted that the students covered by the survey attended a total of 107 different ABA-approved law schools. ABA approval for the law schools attended by CLEO Fellows is significant in that the approval establishes a professionally and federally sanctioned level of minimum academic qualification to insure some uniformity in academic program provided.

Of the 107 schools attended by the Fellows surveyed, twenty-seven (27) particular schools are highlighted because of their association with a majority of students reporting; 415 of the 682 students (60.8%) for whom data on this factor is available attended one of the 27 highlighted schools. It should be noted as well that the highlighted schools present a varied cross-section of institutions currently serving the interests of legal education, including many schools noted nationally for their solid academic program and rigorously applied academic standards. This factor was considered significant because the data on Fellows' academic standing reflects a surprisingly successful record of performance for the period of law school enrollment.

Table VIII presents the academic standing (and hence, the overall academic performance) of the Fellows surveyed over the three years of law school enrollment. Because it would be virtually impossible to convert individual law school grades to a consistent and uniform standard, given the inherent differences in the grading processes of the individual schools, this paper utilizes general "academic standing" at the conclusion of a given year as the measure of student performance. The variable for academic standing was established as the minimum requirement for the maintenance of "good standing" status as determined by the law school in question. Any variation to the law school's numerical minimum was characterized as less than "good standing" regardless of how this variance was termed by the law school itself.

In the first year of law school, 87% of those Fellows surveyed were reported to be in good standing at the conclusion of that period. At the conclusion of the second year of law study the number of students in good standing rose to 94.1%; and in the third year the number rose to a seemingly phenomenal 99.6% in good academic standing.

A number of cautionary caveats may be in order when interpreting the data on CLEO Fellows' academic performance. First and most apparent, all CLEO Fellows covered in the survey, which includes an analysis of law school *and* bar performance, are (by their inclusion in the survey) law school graduates. Secondly, had *all* Fellows who have graduated from law school during the period covered been included in the analysis, these overall figures may have been affected. Thirdly, the successful performance of CLEO Fellows in law school (particularly beyond the first year) may not be attributable entirely to the CLEO institute experience; obviously factors relating to the particular academic environment and financial cirumstance in which these Fellows found themselves impacted significantly on overall academic performance.

Yet, notwithstanding these limitations, the data on Fellows' academic performance is impressive, although little national data can be found which presents a clear picture of the minority law students' rate of retention in law schools for the time period examined. Moreover, when one considers the "predictive index" used in determining student performance in the first year of law study, the success of the CLEO Fellows looms even greater.

TABLE VII
Law School Attended; 10 or more graduates

School	Absolute Freq.	Adjusted Freq. %
1. U. Denver	32	4.7
2. U. New Mexico	28	4.1
3. UCLA	25	3.7
4. U. Virginia	23	3.4
5. U. Calif.-Davis	21	3.1
6. Wayne State U.	21	3.1
7. U. Texas	18	2.6
8. Howard U.	17	2.5
9. U. Illinois	16	2.3
10. Texas Southern U.	15	2.2
11. Georgetown U.	14	2.1
12. George Washington U.	14	2.1
13. U. Arizona	13	1.9
14. U. Southern Calif.	13	1.9
15. Temple U.	13	1.9
16. Arizona State U.	12	1.8
17. U. Calif.-Berkeley	12	1.8
18. Columbia	12	1.8
19. Harvard	12	1.8
20. U. Florida-Gainesville	11	1.6
21. U. Miami	11	1.6
22. Rutgers U. - Newark	11	1.6
23. U. Santa Clara	11	1.6
24. U. Calif.-Hastings	10	1.5
25. U. Houston	10	1.5
26. U. Iowa	10	1.5
27. Notre Dame	10	1.5
Total	415	61.2

Total Schools: 166
Missing Cases=8; Valid Cases=682

TABLE VIII

ACADEMIC STANDING	FIRST YEAR		SECOND YEAR		THIRD YEAR	
	No.	%	No.	%	No.	%
In Good Standing	594	86.1	643	93.2	677	98.1
In Less than Good Standing	89	12.9	40	5.8	3	0.4
Missing Cases	7	1.0	7	1.0	10	1.4
Total	690	100.0	690	100.0	690	100.0

NOTE: Percentages may not always sum to 100.0% due to rounding error.

D. Bar Examination Results

The performance of the minority group law graduates, particularly those who were admitted to law school by way of affirmative admissions programs, has been a continuing source of concern in legal education since 1969. From time to time, charges have been issued stating that minority group applicants to the bar do not fare as well as their White colleagues. While little concrete data of actual overall minority group bar performance has been compiled, particularly on a national level, court records from litigation filed in disputes over minority group bar admission offer some insight into this problem.[40] From a review of the statistical data on minority group bar passage rates which has been compiled for several "class action" suits alleging discriminatory practices of one kind or another, it seems fair to conclude that minority group bar performance and its relationship to affirmative admission programs represent a substantial policy question which has affected, at least subliminally, the debate surrounding the viability of affirmative action efforts.

The question of the social utility of affirmative admission as an additional basis for continuation of these programs has been called into question by bar performance of minority group applicants which is substantially at variance (at the low-end of the scale) with the prevailing norm. Litigation, particularly in "class action" suits where minority group applicants comprise the class, challenging discriminatory practices and policies in the administration of bar examinations in various states, reflects the other significant side of the issue. For understandable reasons, the boards of bar examiners of most jurisdictions contend that they do not

collect statistical information based on the race of applicants. Under these conditions it is virtually impossible to check the accuracy of charges that minority group applicants are having trouble with the bar examinations in various states or to determine why this is so if the statement is accurate.

An analysis of the aggregate bar performance of CLEO Fellows may shed some light on this issue, although obviously this data can in no way address the legitimacy of claims of discrimination in the examination process itself, nor can it reflect any but the most general insights into the linkage, if any, between affirmative admissions and subsequent bar performance. The CLEO Fellows bar performance data does, however, demonstrate rather conclusively that a negative correlation between bar performance and the existence of an affirmative admissions process does not exist; and further, given the fairly national scope of the data based on graduates from many different institutions and across many different jurisdictions, that no blanket repudiation of the "social utility" argument based on bar performance alone can be established.

Tables IX and X present aggregate data on CLEO Fellows bar performance. Table IX specifically reflects the year of law school graduation and the frequency percentage of response for the Fellows who participated in the survey. A fairly broad distribution involving the years of graduation can be seen, although the frequency percentage of responses provides a fairly even basis for analysis.

TABLE IX
YEAR GRADUATED FROM LAW SCHOOL

YR.	NO.	%
1970	5	0.7
1971	48	7.0
1972	195	28.3
1973	118	16.8
1974	69	10.0
1975	61	8.8
1976	62	9.0
1977	63	9.1
1978	63	9.1
1979	3	0.4
Unknown	5	0.7
Total	690	100.0

TABLE X
RESULTS OF BAR SITTING

	No.	%
Pass—1st Try	378	54.8
Pass—2nd Try	123	17.8
Pass—3rd Try or More	81	11.7
Fail/No Pass Reported	96	13.9
Missing Cases	12	1.7
TOTAL	690	100.0

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Table X reflects actual bar performance results for the Fellows who responded to the survey. It is important to note that the bar passage rates were restricted to the first jurisdiction in which a graduate sat for the bar examination. Moreover, in those few cases where no specific pass date for an examination was available to discern between a bar pass on the first or second try (e.g., a June 1973 graduate whose only recorded sitting and pass on a bar examination occurred in February 1974), it was assumed for the purpose of this study that the individual first sat for the bar in the *same* year as his graduation. Hence, the February 1974 sitting constituted the second attempt. Obviously, where no specific date of bar passage is listed, yet where bar admittance was reported, it is assumed that this admission occurred on a third or subsequent sitting.

The results of the survey of CLEO Fellows' bar performance has established that 55.8% or 378 of the 678 graduates responding passed their respective bar examination on the first sitting, and that an additional 18.1% or 123 Fellows passed on the second attempt. A total of 73.9% or 501 of the 678 Fellows who responded had passed their respective bar examination at least by their second attempt.

Comparative analysis utilizing national data would obviously strengthen conclusions which can be drawn from the CLEO survey data of bar examination performance.[41] But even in the absence of such data, the CLEO Fellows' bar performance can be viewed as significant in its own right, particularly when one examines the quantifiable data used in predicting the admission of these students to law school in the first instance. Although the predictive index analysis of quantifiable data such as LSAT and UGPA has little or no utility in predicting subsequent bar performance, the use of such data alone as a "floor" in determining which individuals should be admitted to law schools based on their probability of success in the first year must be viewed in light of additional factors such as whether a positive correlation between the quantifiable data and subsequent bar performance can be established. To the extent that such a minimum floor cannot be established, its absence may raise additional questions regarding the slavish adherence to a strictly numerical quanti-

fication of test performance and undergraduate grade point average.

VII. CROSS TABULATIONS USING VARIABLES OF RACE/ETHNICITY, UGPA, LSAT, AND FIRST YEAR ACADEMIC STANDING IN LAW SCHOOL

Given the purpose and history of CLEO, it should not be surprising that most CLEO Fellows, though chosen because of their disadvantaged background, constitute members of racial and ethnic minority groups. For CLEO's purpose "disadvantaged backgrounds" which serve as a basis for student selection are those that hinder individuals, particularly minority group members, from gaining admission to law school and from completing successfully a course of study. It was not until 1972 that CLEO broadened its selection process to include non-minority applicants in its program efforts; hence most of the 690 program Fellows covered in the survey are from designated minority groups.

In an effort to further quantify the available data on CLEO Fellows, an attempt was made to ascertain whether any statistically significant correlations exist between the race/ethnicity of a particular CLEO Fellow and subsequent academic performance. Cross-tabulations were performed on data matching the race variable with those of undergraduate grade point average, LSAT scores, first-year academic standing in law school, and the rate of bar examination passage.

Several points of interest should be noted when reviewing the next several Tables. First, approximately seventy percent (70%) of the survey pool was comprised of Black CLEO Fellows, twenty-four percent (24%) reflects Chicano participants, with approximately three percent (3%) each provided by Puerto Rican and Asian American Program Fellows. Secondly, the actual frequency of returns by the Fellows per CLEO summer institute attended is particularly well distributed.

The following three Tables of cross-tabulations reveal several interesting phenomena on the success of CLEO Fellows as they encounter the rigors of law school and the bar examination. However, to fully appreciate the signifi-

cance of this data, it may be necessary to focus on the performance of an isolated racial/ethnic group.

Because Blacks constitute approximately seventy percent (70%) of the sample used for this study, they provide a useful population for analysis. Mean achievement by Black students on the LSAT of 413.98 and on undergraduate performance of 2.76 on the 4.0 scale is well below the national norm in both of these categories. Yet, eighty-five percent (85%) or 392 of the 461 students in the survey were in "good standing" at the end of their first academic year in law school. More significant still, approximately seventy-seven percent (76.9%) or 349 of the 454 students who reported have passed the bar examination on the first or second attempt. The figures for other minority groups surveyed offered similar returns.

TABLE XI
DESCRIPTIVE STATISTICS FOR UNDERGRADUATE GPA AND LSAT BY STUDENTS' RACE-ETHNICITY

Race-Ethnicity	No.	Mean UGPA	Mean LSAT
Asian American	20	3.00	463.14
Black	431	2.76	413.98
Chicano	156	2.72	437.53
Puerto Rican	22	2.93	416.62
Italian American	1	2.85	456.00
Cuban	1	2.78	436.00
Appalachian	1	2.82	529.00
Unknown	17	2.80	444.89

TABLE XII
FIRST-YEAR ACADEMIC STANDING BY RACE-ETHNICITY

RACE ETHNICITY	IN GOOD STANDING No. & % of Cultural Group	IN LESS THAN GOOD STANDING No. & % of Cultural Group	Total and % of Total Survey
Asian American	20 95.2%	1 4.8%	21 3.2%
Black	392 85.0%	69 15.0%	461 69.3%
Chicano	142 89.9%	16 10.1%	158 23.8%
Puerto Rican	20 90.9%	2 9.1%	22 3.3%
Italian American	1 100.0%	0	1 0.2%
Cuban	1 100.0%	0	1 0.2%
Appalachian	1 100.0%	0	1 0.2%
Totals	577 86.8%	88 13.2%	665 100.0%

Number of missing observations=25

NOTE: Percentages may not always sum to 100% due to rounding error.

TABLE XIII
BAR PERFORMANCE BY RACE-ETHNICITY

RACE ETHNICITY	PASS 1st TRY No. & % of Cultural Group	PASS 2nd TRY No. & % of Cultural Group	PASS 3rd TRY No. & % of Cultural Group	FAIL/NO PASS REPORTED No. & % of Cultural Group	Total and % of Total Survey
Asian American	10 47.6%	4 19.0%	1 4.8%	6 28.6%	21 3.2%
Black	262 54.5%	87 19.2%	55 12.1%	50 11.0%	454 69.0%
Chicano	85 53.8%	23 14.6%	22 13.9%	28 17.7%	158 24.0%
Puerto Rican	8 36.4%	4 18.2%	2 9.1%	8 36.4%	22 3.3%
Italian American	0	0	0	1 100.0%	1 0.2%
Cuban	1 100.0%	0	0	0	1 0.2%
Appalachian	1 100.0%	0	0	0	1 0.2%
Totals	367 55.8%	118 17.9%	80 12.2%	93 14.1%	658 100.0%

Number of missing observations=32

NOTE: Percentages may not always sum to 100.0% due to rounding error.

A. First Year Academic Standing/Summer Institute Attended

Between 1968 and 1975, a total of sixty-two (62) regional summer institutes were held under CLEO's auspices. Although similar in both concept and teaching methodology, the CLEO Summer Institutes have avoided the use of standardized curricular materials with the singular exception of the program's legal writing component, which has relied on materials separately prepared for CLEO by law professors Norman Brand and Ann Fagan Ginger.

Minimally, the curriculum of CLEO's summer institutes includes courses which are derived from first-year law school curricula and which emphasize legal methods and techniques, labor abstract thinking and deal descriptively with methods of legal analysis and synthesis. The planned course of study for each institute spans a period of five and one-half weeks with the remaining half week reserved for evaluations and one-on-one reviews of the institute participants' work. Exclusive of tutorial sessions, students receive from fourteen to sixteen class contact hours per week. Care is taken to avoid merely reducing regular law school courses to a six-week format; each selected course is cautiously circumscribed. Emphasis is placed on skills development rather than subject matter coverage.

To the extent that the CLEO Summer Institutes adhere to uniform teaching methodology, regardless of course content, the performance of the individual Fellows across the institutes should be relatively consistent. Moreover, to the extent that CLEO's Summer Intitutes perform an evaluative function for the law schools as to the performance potential of recommended graduates, one would expect a measure of uniformity in the success of candidates regardless of the law school in which a candidate might subsequently enroll.

To determine whether significant correlations could be found between the Summer Institute attended and subsequent law school performance in the first academic year, a cross-tabulation of these two variables was attempted. The percentage of graduates per institute in "good standing" at the end of the first year appears amazingly consistent over

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the sixty-two programs; moreover, the frequency of returns per institute is particularly well distributed. In the final analysis the reliability of the institutes' evaluation process as a measure of performance prediction, particularly for candidates from disadvantaged backgrounds, seems well-established; eighty-seven percent (87%) or 594 of the 683 CLEO Fellows surveyed were in "good standing" at the end of their first year of law study.

It is important to note as well when reviewing this data that information on the academic standing of CLEO Fellows was obtained directly from the law schools and was not obtained as a part of the questionnaire survey. The accuracy of the data, therefore, is not subject to the vagaries of imprecise, personal reporting.

TABLE XIV
ACADEMIC STANDING-1st YEAR
BY CLEO INSTITUTE ATTENDED

INSTITUTE SCHOOL	IN GOOD STANDING No. & % of Institute	IN LESS THAN GOOD STANDING No. & % of Institute	Total and % of Total Survey
1968 UCLA	19 90.5%	2 9.5%	21 3.1%
1968 U. Denver	18 85.7%	3 14.3%	21 3.1%
1968 Emory U.	15 75.0%	5 25.0%	20 2.9%
1968 Harvard U.	13 100.0%	0	13 1.9%
1969 U. Cincinnati	15 93.8%	1 6.3%	16 2.3%
1969 U. Denver	18 94.7%	1 5.3%	19 2.8%
1969 U. Iowa	21 84.0%	4 16.0%	25 3.7%
1969 Loyola U.-LA	16 94.1%	1 5.9%	17 2.5%
1969 New York U.	23 82.1%	5 17.9%	28 4.1%
1969 Duke U.	12 80.0%	3 20.0%	15 2.2%

TABLE XIV (cont'd)

INSTITUTE SCHOOL	IN GOOD STANDING No. & % of Institute	IN LESS THAN GOOD STANDING No. & % of Institute	Total and % of Total Survey
1969 U. San Francisco	15 93.8%	1 6.3%	16 2.3%
1969 Southern U.	15 88.2%	2 11.8%	17 2.5%
1969 U. Toledo	5 50.0%	5 50.0%	10 1.5%
1969 U. Virginia Charlotte	15 83.3%	3 16.7%	18 2.6%
1969 Wayne St. U.	14 56.0%	11 44.0%	25 3.7%
1970 Arizona State U.	14 82.4%	3 17.6%	17 2.5%
1970 U. Houston	13 92.9%	1 7.1%	14 2.0%
1970 Howard U.	15 100.0%	0	15 2.2%
1970 U. Miami	9 90.9%	1 10.0%	10 1.5%
1970 Temple U.	8 88.9%	1 11.1%	9 1.3%
1970 U. Washington	5 100.0%	0	5 0.7%
1970 Wayne State U.	19 86.4%	3 13.6%	22 3.2%
1971 U. California-Davis	5 83.3%	1 16.7%	6 0.9%
1971 U. Denver	7 77.8%	2 22.2%	9 1.3%
1971 U. Florida-Gainesville	14 87.5%	2 12.5%	16 2.3%
1971 Howard U.	9 90.0%	1 10.0%	10 1.5%
1971 St. Louis U.	10 90.9%	1 9.1%	11 1.6%
1971 Texas Tech U.	6 66.7%	3 33.3%	9 1.3%
1971 Tulane U.	4 100.0%	0	4 0.6%

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TABLE XIV (cont'd)

INSTITUTE SCHOOL	IN GOOD STANDING No. & % of Institute	IN LESS THAN GOOD STANDING No. & % of Institute	Total and % of Total Survey
1972 U. Arizona	8 88.9%	1 11.1%	9 1.3%
1972 U. California-Davis	10 83.3%	2 16.7%	12 1.8%
1972 Howard U.	13 92.9%	1 7.1%	14 2.0%
1972 U. Kentucky	10 90.9%	1 9.1%	11 1.6%
1972 U. Oregon	4 100.0%	0	4 0.6%
1972 U. South Carolina	7 63.6%	4 36.4%	11 1.6%
1973 Arizona St. U.	12 92.3%	1 7.7%	13 1.9%
1973 U. California-Hastings	7 100.0%	0	7 1.0%
1973 Florida St. U.	12 92.3%	1 4.4%	13 1.9%
1973 U. Houston	5 100.0%	0	5 1.2%
1973 Howard U.	8 100.0%	0	8 1.2%
1973 Indiana U.	8 88.9%	1 11.1%	9 1.3%
1973 U. Washington	5 83.3%	1 16.7%	6 0.9%
1974 U. Florida-Gainesville	6 100.0%	0	6 0.9%
1974 U. New Mexico	7 100.0%	0	7 1.0%
1974 Notre Dame U.	11 84.6%	2 15.4%	13 1.9%
1974 U. Santa Clara	9 8.18%	2 18.2%	11 1.6%
1974 Seton Hall U.	8 88.9%	1 11.1%	9 1.3%
1974 U. Washington	5 83.3%	1 16.7%	5 0.9%
1974 College of William & Mary	12 100.0%	0	12 1.8%

TABLE XIV (cont'd)

INSTITUTE SCHOOL	IN GOOD STANDING No. & % of Institute	IN LESS THAN GOOD STANDING No. & % of Institute	Total and % of Total Survey
1975 Boston College	7 100.0%	0	7 1.0%
1975 U. Houston	6 85.7%	1 14.3%	7 1.0%
1975 U. Richmond	11 91.7%	1 8.3%	12 1.8%
1975 U. Santa Clara	3 100.0%	0	3 0.4%
1975 Seton Hall U.	6 85.7%	1 14.3%	7 1.0%
1975 U. Utah	8 100.0%	0	8 1.2%
1975 U. Wisconsin	11 91.7%	1 8.3%	12 1.8%
1976 Temple U.	3 100.0%	0	3 0.4%
TOTALS	594 87.0%	89 13.0%	683 100.0%

Number of Missing Observations=7
NOTE: Percentages may not always sum to 100.0% due to rounding error.

B. Bar Passage/Law School Attended

As noted earlier, bar examination performance is viewed by many as an essential factor in determining the viability of affirmative admission programs, the policy rationale for the creation of many of these programs having been the gross underrepresentation of minority group presence in the bar. In an effort to ascertain whether the overall success of CLEO Fellows on the bar examination would remain consistent when analyzed in the context of a particular law school's graduates, an additional cross-tabulation of data was conducted pitting the individual law school attended by CLEO Fellows against the variable of bar performance.

The law schools listed in Table VII as representing those schools with at least ten graduates responding to the survey were again chosen. For the purpose of this analysis, bar passage was quantified not by the number of individual sittings, but rather by a more general category of bar passage, "at any time." In creating the more general category, it was

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assumed that the ultimate passage of the bar is the more important consideration when compared with whether an applicant passed on the first, second or third attempt; although it should be noted that the substantial majority of CLEO Fellows passed the bar examination on the first or second effort.

A total of twenty-six (26) law schools were involved in this analysis, representing 59.6% of CLEO Fellows surveyed or 401 of 673 valid cases. Of the twenty-six schools represented, fifteen (15) achieved a ninety percent (90%) or better rate of their graduates having successfully negotiated the bar; an additional seven (7) schools' graduates achieved a bar passage rate of eighty percent (80%) or better. The average total rate of bar passage for all CLEO Fellows surveyed was eighty-seven and one-half percent (87.5%) or 589 of the 673 valid cases.

Again, several points of interest should be noted when reviewing the following Table: First, the frequency of returns is particularly well distributed, thereby, helping to reduce concern regarding a potentially disparate or aberrational sample. Secondly, the law schools involved, and presumably the bar examination as well, reflect a broad geographic range. This factor alone helps to insure the truly national character of the data. Third, in spite of the random nature of the rate of bar passage, given the number of classes involved and the differing jurisdictions in which candidates sat for the examination, the percentage of those individual candidates who passed a bar examination remained remarkably consistent across the individual schools.

TABLE XV
BAR PERFORMANCE OF CLEO FELLOWS
BY LAW SCHOOL ATTENDED

LAW SCHOOL	PASSED A BAR EXAM No. & % of school's CLEO Fellows	FAIL/NO PASS REPORTED No. & % of school's CLEO Fellows	Total and % of Total
U. California-Berkeley	10 83.3%	2 16.7%	12 1.8%
Columbia U.	10 90.9%	1 9.1%	11 1.6%
U. Florida-Gainesville	11 100.0%	0	11 1.6%

TABLE XV (cont'd)

LAW SCHOOL	PASSED A BAR EXAM No. & % of school's CLEO Fellows	FAIL/NO PASS REPORTED No. & % of school's CLEO Fellows	Total and % of Total
Harvard U.	10 90.9%	1 9.1%	11 1.6%
U. Miami	11 100.0%	0	11 1.6%
Rutgers U.-Newark	11 100.0%	0	11 1.6%
U. California-Hastings	9 90.0%	1 10.0%	10 1.5%
U. Houston	10 100.0%	0	10 1.5%
U. Illinois	14 87.5%	2 12.5%	16 2.4%
Texas Southern U.	14 93.3%	1 6.7%	15 2.2%
Georgetown U.	14 100.0%	0	14 2.1%
U. Arizona	12 92.3%	1 7.7%	13 1.9%
George Washington U.	12 92.3%	1 7.7%	13 1.9%
U. Southern California	11 84.6%	2 15.4%	13 1.9%
Temple U.	12 92.3%	1 7.7%	13 1.9%
Arizona State U.	9 75.0%	3 25.0%	12 1.8%
U. Denver	23 71.9%	9 28.1%	32 4.8%
U. New Mexico	25 89.3%	3 10.7%	28 4.2%
U. California-Los Angeles	17 68.0%	8 32.0%	25 3.7%
U. Virginia	20 87.0%	3 13.0%	23 3.4%
U. California-Davis	15 71.4%	6 28.6%	21 3.1%
Wayne State U.	20 95.2%	1 4.8%	21 3.1%
U. Texas	18 100.0%	0	18 2.7%
Howard U.	15 88.2%	2 11.8%	17 2.5%

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TABLE XV (cont'd)

LAW SCHOOL	PASSED A BAR EXAM No. & % of school's CLEO Fellows	FAIL/NO PASS REPORTED No. & % of school's CLEO Fellows	Total and % of Total
Notre Dame U.	10 100.0%	0	10 1.5%
U. Santa Clara	8 80.0%	2 20.0%	10 1.5%
TOTALS	589 87.5%	84 12.5%	673 100.0%

Number of missing observations = 17

NOTE: Percentages may not always sum to 100.0% due to rounding error.

VIII. CAREER PATTERNS

Legal education was perhaps the first professional discipline to respond to the demand for broader opportunities for politically and economically disenfranchised groups. The early organized efforts of the law schools to address the need for structured affirmative action reflect the intense interest of members of minority groups in the law as a tool for "social engineering" and societal decision-making, as much as they reflect the social conscience of the profession.

To the extent that the ultimate *raison-d'etre* of any affirmative admission program in law schools is to increase access to the decision-making process of both the private and governmental sectors by members of disadvantaged groups, the career patterns of successful graduates of these programs may be the most significant measure of the success of affirmative admissions.

The assumption that minority group lawyers would return to assist indirectly minority communities has long been one of the unvalidated considerations which served to undergird principles of affirmative admissions in legal education. In both the *DeFunis* and *Bakke* challenges to affirmative admissions, the factor of additional community service to underserved minority communities was proffered as a principal justification for the continued need for such programs. However, because this assumption has remained, for the most part, unvalidated through lack of concrete documentation,

the Supreme Court has been reluctant to accept this rationale at first glance.

The CLEO survey sought to shed some light on this question. Questionnare returns provided career patterns data on 305 CLEO Fellows or 21.6 percent of those candidates eligible to respond. Although by no means complete, the career patterns of CLEO Fellows is particularly interesting when viewed in the context that, but for CLEO, many of these attorneys would have been denied access to a legal education.

It is interesting to note as well that the career activities of CLEO Fellows extend well beyond the exclusive interests (as traditionally defined) of minority communities, reflecting a job dispersal and diversity of interest of considerable breadth; in reality, minority interests have never been monolithic or one-dimensional.

The following Table provides data on CLEO Fellows' employment and career activities as of 1978-1979.

TABLE XVI

Judges	
Administrative Law	3
Municipal	1
State District	2
County District Court	1
U.S. Bankruptcy Court	1
Legal Education	
Professors (Non-tenured)	4
Professors (Tenured)	1
Associate Deans	1
Associate Director - CLEO	1
Elected Officials	
State Representative	1
Full-Time Graduate School	
Candidates for LLM	1
Candidates for SJD	1

Part-time Graduate School	
Candidates for LLM	3
Undergraduate Education	
Professors	5
Deans	1
Special Assistant to the Chancellor	1
Director of Fundraising for Private University	1
General Counsel for University Students	1
Attorneys in Public Sector	
Assistant Prosecutors	3
City Attorneys	11
State District Attorneys	10
Federal Agencies (Administration)	1
Federal Agencies (Litigation)	25
Judge Advocates General Corps (Military)	3
Judicial Law Clerks	3
Executive Directors, Legal Services	4
Managing Attorneys, Legal Services	7
Staff Attorneys, Legal Services	32
Municipal Government (Administration)	1
Municipal Government (Litigation)	3
Municipal Government (Executive Director)	4
Public Defenders (State & Federal)	11
Public Interest Organizations (Administration)	5
Public Interest Organizations (Litigation)	1
Office of State Attorneys General	15
State Government (Administration)	2
State Government (Litigation)	11
Office of U.S. Attorney	11
Private Sector	
Congressional Aides (House of Reps.)	1
Congressional Aides (Senate)	2
Corporate Practice (Litigation)	22
Corporations, Banks, Insurance Companies Accounting firms, et.al. (Administration)	5
Entrepreneur (Owner of a Real Estate firm)	1
Law Clerk	2

Partner in a Law Firm (3 or more partners in firm)	17
Private Practice (Sole Practitioner or partnership)	57
Staff Attorney in a Law Firm (3 or more partners in firm)	7
Staff Attorney in a Small Law Firm	1
Total	305

* Note: Part-time candidates are reflected only once in the total.

IX. CONCLUSION

It has been over two years since the United States Supreme Court rendered its opinion in *Bakke*. During the ensuing period, educators, test specialists, legislators and representatives of interests groups which were organized in response to *Bakke* have sought to influence, in various forums, legal education's collective response to the mandates of *Bakke*; as a legal question, *Bakke* was resolved by the Court, and the central issues remaining were shifted to the political arena.

Many assumed that the Court's decision would bring about substantial alteration to affirmative admissions; and notwithstanding the Court's affirmation that race could be used as a possible criterion in the admissions process (within defined parameters), there was fairly widespread concern, at least among some members of minority groups, that perceptible decreases in enrollment of these groups would occur. In this respect, *Bakke* appears to have had little direct impact on the enrollment patterns of minority group students in legal education.

In an article which assesses the status of affirmative admission programs in law schools one year after the *Bakke* decision, Judge Henry Ramsey, Jr., President of CLEO and Chairman of the ABA Committee on Law School Accreditation, has established through an analysis of law school enrollment data and a survey questionnaire to ABA-accredited schools that little has changed (numerically) in the actual admission of minority group students to law school.

Yet, *Bakke* left an indelible imprint on the admission

policies of law schools, while simultaneously focusing America's attention on the importance of higher eduction as a gatekeeper of meaningful-political and economic decision-making; the public's awareness of the political side of meritocratic admissions selection has been heightened.

Several policy questions which were posed by *Bakke*, but which received scant attention by the Court, are now being explored more fully. The use, impact and validity of standardized testing in all areas has been raised to a matter of national concern. Already, several states have enacted legislation affecting changes in the reporting requirements associated with several standardized tests.

Perhaps of greater significance have been attempts by several law schools to concretize affirmative admissions policies in response to *Bakke* in ways designed to insulate these programs from legal and political attack. The *Law School Admission Study*, prepared by Susan Brown and Edward Marenco of the Mexican-American Legal Defense and Education Fund (MALDEF), analyzes a variety of workable admissions models which are structured to achieve this purpose. The recent adoption of an affirmative action accreditation standard (Standard 212) by the American Bar Association pursuant to a recommendation of the ABA Section on Legal Education and Admission to the Bar can be viewed as a further extension of the "shield" concept as it applies to voluntary affirmative action efforts.

An additional and important element which appeared woven in the fabric of *Bakke* was the need for an alternate measure of the performance potential of disadvantaged applicants to law schools which, itself, could be supported through actual performance-related data. Of course, this alternate evaluation of performance would be used to moderate the over-reliance on LSAT and UGPA data alone. From the foregoing analysis of the performance data gathered on CLEO Fellows, it appears that the CLEO experience, when used on conjunction with quantifiable variables, may well be the most solidly-based evaluation measure available.

The success of CLEO Fellows in law school and on the bar examination cannot be divorced entirely from a comparison

of similarly-credentialed, non-CLEO students. While little comparative data similar in scope and kind is available, all reasonable conclusions lead to substantially improved performance by CLEO-trained students.

A restatement of the statistics of achievement by Program Fellows would be superfluous; however, suffice it to say that by any measure they are impressive. When one takes into consideration the national scope of the data and the magnitude of the sample involved, it becomes increasingly difficult to attribute this performance to isolated variables having little common impact on the entire class.

Because CLEO also enjoys unique institutional sponsorships and federal support, the program may well represent one of the most acceptable policy responses to the dilemma posed by *Bakke*; already several law schools have endorsed CLEO participation as a positive consideration in the admission process.

In the final analysis, the performance of CLEO Fellows speaks for itself.

NOTES

1. 438 U.S. 265 (1978).

2. 347 U.S. 483 (1954).

3. *Bakke, supra* note 1, at 338.

4. W. Wilson, *The Declining Significance of Race* (1978).
Clark and Gershman, "The Black Plight: Race or Class?", *The New York Times Magazine* (October 5, 1980); Williams, "Racial Reasoning in Unfree Markets — Preference, Prejudice, and Difference", *Regulation* (March/April 1979).

5. The 1970 Census of the Population established the total Black population at 22,539,362 or 11% of the total population; Spanish surnamed Americans were figured at 9,294,509 or 4.5% of the total. United States Department of Commerce, 1979 Census of Population (1972). Although improved, significant underrepresentation of various minority groups is still reflected in the enrollment figures for various disciplines: Law. See ABA Section of Legal Education and Admissions to the Bar, *A Review of Legal Education in the United States — Fall, 1979* (1980) [hereinafter cited as *Legal Education*]; Medicine. See AAMC, Minority Student Opportunities in the United States Medical Schools 1980-81 (1980); AAMC, *Medical School Admission Requirements 1980-81* (30th ed. 1979); Engineering. See Smith, "Minorities in Engineering: A Five Year Progress Report," *Engineering Educ.* (Nov. 1977); Business. See American Assembly of Collegiate Schools of Business, *Enrollment Trends Survey with Minority Data* (1979).

6. *Id.*

7. *Legal Education, supra* note 6, at 60-61; *Minority Student Opportunities in United States Medical Schools, supra* note 6, at 254-58; *Medical School Admission Requirements 1980-81, supra* note 6, at 24; 54; "Minorities in Engineering," *supra* note 6, at 1-3; *Enrollment Trends Survey with Minority Data, supra* note 6 at 1, 13, 26.

8. *Legal Education, supra* note 6, at 63.

9. *Hearing on H.R. 13172 before the Subcommittee of the Committee on Appropriations, United States Senate*, 94th Cong., 2nd Sess. 465 (1976) (statement of Richard G. Huber on behalf of the Council on Legal Education Opportunity) [hereinafter cited as *1976 Hearings*].

10. *Legal Education, supra* note 6, at 60-64.

11. 416 U.S. 312 (1974).

12. See *Legal Education, supra* note 6, at 60-64.

13. *Id.*

14. See *Legal Education, supra* note 6, at 60-64.

15. *Bakke, supra* note 1; *DeFunis, supra* note 11; *Flanagan v. President of Georgetown College*, 417 F. Supp. 377 (D.D.C. 1976); *DeRonde v. Regents of the*

Univ. of Cal., S.F. 24145 (Feb. 11, 1981); *Alevy v. Downstate Medical Center*, 384 N.Y.S. 2d (1976). The ABA reviewed a resolution addressing the issue of "reverse discrimination" designed to eliminate race as a factor in the admission process. The resolution was referred to the Section of Legal Education and Admissions to the Bar by the general assembly and the House of Delegates at the 1976 annual meeting and read as follows:

Whereas, minority admissions programs have been experimented with by some law schools, and

Whereas, applicants with high academic qualifications now claim that they are being excluded by reason of such experimentation, and

Whereas, the Association's Standards for the Approval of Law Schools specificially require that:

the law schools shall maintain equality of opportunity in legal education without discrimination or segregation on the ground of race, color, religion, national origin, or sex.

Be It Resolved, that the Section of Legal Education and Admissions to the Bar is requested to investigate this matter and report its findings and recommendations to the House of Delegates at the 1977 annual meeting.

16. See *Legal Education, supra* note 6.

17. *Legal Education, supra* note 6, at 5-53. (Please note no approval dates appeared for the following, recently approved schools:)

University of Bridgeport (1979)
Northern Illinois University (1978)
Campbell University (1979)

18. See: Franklin R. Evans, *Applications and Admissions to ABA-Accredited Law Schools: An Analysis of National Data for the Class Entering in the Fall of 1976* (May 1977) [hereinafter cited as *1976 Law School Admission Research Report*]. Summarizing various data tables, the Report observes that:

a) women and men score about equally on LSAT, b) women tend to present higher undergraduate grades than men, and c) women are offered admission at a slightly higher rate than men.

The last observation, that women are more often offered admission is probably a function of their superior undergraduate records. The acceptance rates. . .are higher for women at or above various LSAT score levels than for men. However, when the combination of UGPA and LSAT are considered, the acceptance rates for men and women are equal. Thus, the data indicates that men and women with similar LSAT and UGPA data are being equally treated in the law school admissions process. The equality of the sexes in terms of LSAT scores has been demonstrated elsewhere (Cowell and Swineford, 1972). Also, the observation that women present undergraduate records that are on the average substantially higher than men is not surprising, since this phenomenon has been observed in a number of contexts. (See, for example, Baird, 1969) at 26-27.

19. *Bakke, supra* note 1, at 320.

20. *Equality and Preferential Treatment* (M. Cohen, T. Nagel and T. Scanlon, eds. 1977) at 65; Caress, *The Myth of Reverse Discrimination: Declining Minority Enrollment in New York City's Medical Schools* (1977) at 6, 8.

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21. The Council on Legal Education Opportunity was established in 1967 to enlarge the ranks of lawyers coming from minority groups or low-income backgrounds; the responsibility was assumed jointly by the American Bar Association (ABA), the Association of American Law Schools (AALS), the National Bar Association (NBA), and the Law School Admission Council (LSAC). See *Minutes of December 5, 1967 Conference at OEO on Legal Education for Disadvantaged Groups*.

22. *CLEO Participant Data Report* (1979), *infra*, at Table

23. CLEO filed an *amicus* brief in the *Bakke* litigation setting forth the academic achievements as well as preliminary bar performance of CLEO Fellows, the vast majority of whom were admitted under special admission programs notwithstanding significantly lower LSAT scores than those attained by regular admittees. See Brief for Petitioners. The Court failed to address the implications raised by the data.

24. *Minutes of December 5, 1967 Conference, supra* note 20; See *Minutes of October 22, 1972 CLEO Council Meeting* at which La Raza National Lawyers Association's application for participation on the Council as a constituent organization was accepted unanimously.

25. *All About CLEO* brochure (1980-81 ed.) at 2-8.

26. *Sweatt v. Painter*, 339 U.S. 629 (1950); See Washington, "History and the Role of Black Law Schools," 18 How. L.J. 385 (1974). The underrepresentation of minority group lawyers and law students was well accepted in 1968, but it took the 1970 census to graphically portray the scarcity of minority lawyers. In 1970, it was estimated that total bar membership reached 272,401 lawyers of which 3,685 were Black or members of Spanish-speaking ethnic groups. United States Department of Commerce, 1970 Census of Population (1972); 1967 Proceedings of the Association of American Law Schools, *Report of the Advisory Committee for Minority Groups Study* 1, (1967); see also *1976 Law School Admission Research, supra* note 18, at 7.

27. *1976 Law School Admission Research, supra* note 18, at 1-8.

28. *All About CLEO* brochure, *supra* note 24, see *CLEO Reports* (1968-1979).

29. *Higher Education Act of 1965, as amended*, 20 USC. Sec. 1134 (1980).

30. CLEO, *DeFunis v. Odegaard and the University of Washington: The University Admissions Case*, (A. Ginger ed. 1974).

31. CLEO, *Allan Bakke v. Regents of the University of California* (A. Slocum ed. 1978).

32. "Advancing Legal Education — The First Decade of CLEO, 1968-1978: A Symposium to Commemorate the Tenth Anniversary of the Council on Legal Education Opportunity," 22 How. L.J. (1979).

33. *1976 Hearings, supra* note 9, at 471.

34. *Id.*, at 467.

35. *All About CLEO* brochure, *supra* note 24, at 3; See *Detailed Comparison of the*

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1980 CLEO Regional Summer Institute Participants (December 1980) at Table VIII; *1979-80 Program Recruitment and Admissions* (May 1980) at Table VIII.

36. *Id.*

37. Memorandum to Law School Deans and Other Interested Persons from Wade J. Henderson, Executive Director, *Sponsorship of CLEO Regional Summer Institutes in the Summer, 1981* (Septemer 30, 1980) at 6; *CLEO Reports* (1968-1979).

38. Each year, the CLEO National Office compiles relevant statistical data on the Program's participants. The available data is then synthesized by CLEO's Admissions Analyst and the cumulative data is provided in the "CLEO Participant Data Report."

39. Memorandum from Franklin R. Evans, *LSAT Score Distribution*, (December 5, 1980). This figure constitutes the mean LSAT score for the October 1980 LSAT administration. The mean score for previous 1980 administrations is as follows: February 1980-520.0; April 1980-514.2; and June 1980-552.9.

40. See, *Parrish v. Board of Comm'rs of the Alabama State Bar*, 533 F.2d 942 (5th Cir. 1976) (summary judgment reversed and remanded to permit plaintiffs to complete discovery); *Murry v. The Supreme Court, State of Arizona*, No. 72-2101 (9th Cir., Aug., 1973) (dismissal of claim that bar exam was racially discriminatory); *Petit v. Gingerich*, No. 72-964-B (D. Md., Feb. 22, 1977) (defendant's motion for summary judgment granted); *Woodward v. Virginia Board of Bar Examiners*, No. 75-0437-R (D. Va., Sept. 9, 1976) (summary judgment indicating that Title VII of the Civil Rights Act of 1964 does not apply to the Virginia bar examination system); *Pacheco v. Pringle*, No. C-5219 (D. Colo., May 20, 1976) (action challenging constitutionality of bar examination system dismissed with prejudice); *Lewis v. Hartsock*, No. 73-16 (S.D. Ohio, Mar. 9, 1976) (summary judgment granted defendants) *appeal docketed*, No. 76-1884 (6th Cir. July 2, 1976); *Carlock v. EEOC*, No. 74-365 (D. Ariz., Sept. 30, 1974 (motion for declaratory judgment that EEOC has no jurisdiction dismissed without prejudice); *Metropolitan Comm. for the Investigation of the D.C. Bar v. Committee on Admissions*, No. 74-177 (D.D.C., Jan. 30, 1974) (dismissed without prejudice); *North Carolina Ass'n of Black Lawyers v. Board of Law Examiners*, No. 4488-1973 (D.N.C., filed Nov. 1, 1973); In *re Illinois Bar Examination*, No. 1-576 (Ill. Sup. Ct., Mar. 21, 1975) (denial of petition requesting court to appoint a commission to develop bar exam which does not have disproportionate racial effect).

41. Truly comparative bar performance data which would permit a direct analysis between CLEO and non-CLEO graduates has been difficult to obtain. First, the state Boards of Bar Examiners do not maintain data on bar performance by race. Secondly, the CLEO data extends over several classes and through several years presenting only a limited basis for direct comparison with national figures from year to year. However, were one to analyze national bar data between 1971 and 1976 as a total pool, a national passing rate of 74% would be derived.

The 74% figure compares favorably to the CLEO bar passage rate of 73.9%. Like the CLEO data, the national figure includes those candidates who are repeaters in the total figures analyzed:

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ADMISSION TO BAR BY EXAMINATIONS: 1970-1976

Year	Total Taking	Total Passing	% Passing	Total Passing ABA Approved Law Schools	Total Passing by Law Office Study	Unaccredited Schools
1971	27,904	20,004	72%	15,767	5	367
1972	32,916	24,447	74%	17,736	9	136
1973	39,508	29,903	76%	24,722	7	642
1974	43,798	33,358	76%	27,329	4	882
1975	46,414	34,144	74%	27,289	13	1,482
1976	49,099	34,951	70%	27,232	19	1,514
Totals	239,639	176,807	74%	140,075	57	5,023

National Conference of Bar Examiners (1972-1977). The material presented above is compiled from volumes 41-46, Nos. 5-6 at the following pages:
Vol. 41, at 126-29
Vol. 42, at 126-29
Vol. 43, at 110-13
Vol. 44, at 114-17
Vol. 45, at 94-97
Vol. 46, at 155-55

CLEO PARTICIPANT DATA REPORT
March, 1984

1. Number of student participants in CLEO since its inception;

1968	1969	1970	1971	1972	1973	1974	1975	1976	1977	1978	1979	1980	1981	1982	1983	TOTAL
161	448	212	221	217	233	225	251	220	221	217	224	207	219	217	230	3723

2. Number of students successfully completing the CLEO summer institute program;

1968	1969	1970	1971	1972	1973	1974	1975	1976	1977	1978	1979	1980	1981	1982	1983	TOTAL
151	444	197	210	213	229	225	244	216	207	213	222	203	211	207	223	3615

3. Number of summer institute graduates entering a law school;

1968	1969	1970	1971	1972	1973	1974	1975	1976	1977	1978	1979	1980	1981	1982	1983	TOTAL
131	400	191	207	210	218	219	234	205	197	203	214	187	198	189	214	3417

4. Number of students who have graduated from law school;

1968	1969	1970	1971	1972	1973	1974	1975	1976	1977	1978	1979	1980	1981	1982	1983	TOTAL
82	294	132	136	144	158	163	153	154	127	121	167	120	NA	NA	NA	1951

5. Number of law school graduates who have passed a bar examiantion;

1968	1969	1970	1971	1972	1973	1974	1975	1976	1977	1978	1979	1980	1981	1982	1983	TOTAL
68	189	90	63	63	66	87	49	61	36	14	3	NA	NA	NA	NA	789

6. Number of law school graduates who have failed the bar examination;

1968	1969	1970	1971	1972	1973	1974	1975	1976	1977	1978	1979	1980	1981	1982	1983	TOTAL
7	29	10	4	5	10	6	12	1	0	0	0	NA	NA	NA	NA	84

7. Number of law school graduates who never sat for a bar examination;

1968	1969	1970	1971	1972	1973	1974	1975	1976	1977	1978	1979	1980	1981	1982	1983	TOTAL
0	4	0	1	0	0	3	0	2	0	0	0	NA	NA	NA	NA	10

8. Number of law school graduates for whom CLEO has no bar data;

1968	1969	1970	1971	1972	1973	1974	1975	1976	1977	1978	1979	1980	1981	1982	1983	TOTAL
6	71	31	69	80	80	72	92	90	83	110	164	120	NA	NA	NA	1068

NOTE; Bar data information is grossly understated. Information is not generally known by the law schools and can only be ascertained with accuracy if it is known in which of the fifty jurisdictions an individual sat for the bar examination.

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9. Number of male students in law school receiving CLEO stipends:

1968	1969	1970	1971	1972	1973	1974	1975	1976	1977	1978	1979	1980	1981	1982	1983	TOTAL
-	-	-	-	-	-	-	-	-	-	1	2	9	86	67	114	279

10. Number of female students in law school receiving CLEO stipends:

1968	1969	1970	1971	1972	1973	1974	1975	1976	1977	1978	1979	1980	1981	1982	1983	TOTAL
-	-	-	-	-	-	-	-	-	-	-	-	7	69	88	83	257

11. Total students enrolled in a law school presently receiving CLEO stipends:

1968	1969	1970	1971	1972	1973	1974	1975	1976	1977	1978	1979	1980	1981	1982	1983	TOTAL
-	-	-	-	-	-	-	-	-	-	1	2	16	155	155	207	536

12. Ethnic breakdown of students presently receiving CLEO stipends - Fall, 1983:

	1978	1979	1980	1981	1982	1983	TOTAL
American Indian				2	1	3	6
American Indian/Black					1		1
Appalachian				1	1		2
Asian American			1	4	5	3	13
Black	1		7	94	87	130	319
Black/Hispanic				1			1
Caucasian				5	5	6	16
Chicano		2	6	35	30	39	112
Cuban				1	1	4	6
Filipino						1	1
East Indian						1	1
Hawaiian					1		1
Hispanic				2	7	5	15
Hispanic/Indian				1			1
Puerto Rican			2	8	14	14	38
Vietnamese					1		1
Unknown				1	1	1	3
TOTAL	1	2	16	155	155	207	536

13. Number of students enrolled in a law school not presently receiving CLEO stipends:

1968	1969	1970	1971	1972	1973	1974	1975	1976	1977	1978	1979	1980	1981	1982	1983	TOTAL
-	-	-	-	-	-	-	-	-	-	-	1	3	2	9	6	21

14. Total number of students enrolled in a law school:

1968	1969	1970	1971	1972	1973	1974	1975	1976	1977	1978	1979	1980	1981	1982	1983	TOTAL
-	-	-	-	-	-	-	-	-	-	1	3	19	157	164	213	557

15. Number of students auditing the CLEO summer institute program:

1968	1969	1970	1971	1972	1973	1974	1975	1976	1977	1978	1979	1980	1981	1982	1983	TOTAL
0	[illegible]	[illegible]	3	1	16	23	5	9	11	10	6	20	6	6	15	138

14. Number of students who never enrolled in, deferred entrance to, withdrew or were dismissed from a law school:

	1968	1969	1970	1971	1972	1973	1974	1975	1976	1977	1978	1979	1980	1981	1982	1983	TOTAL
Institute Withdrawal/Dismissal	-	-	-	-	-	-	-	-	-	-	-	-	-	2	4	1	7
Failed Institute	10	4	14	11	4	3	-	-	4	12	4	1	4	6	1	7	85
Deferred Entrance										4	2	3	3	4	3	2	22
Dismissed	20	56	39	48	36	30	33	28	27	24	36	17	28	33	30	-	485
Withdrew:																	
Good Standing	2	8	2	1	2	1	1	-	-	-	-	-	-	-	-	-	17
Failing	5	8	7	2	3	2	1	1	2	2	-	5	-	-	-	-	40
Military Duty	4	5	-	-	-	-	1	-	-	-	-	-	-	-	-	-	10
Medical Reasons	-	1	1	1	3	2	2	-	1	1	1	-	1	-	-	-	14
Financial Reasons	-	4	-	1	-	-	-	-	-	-	-	-	-	-	-	-	5
No Reason Provided	10	23	10	12	11	22	13	18	8	8	12	4	15	6	5	-	178
Academic Status Unknown	4	1	1	5	13	3	6	25	18	37	30	18	2	-	-	-	163
Leave of Absence	-	-	-	-	-	-	3	4	1	2	1	1	2	1	-	-	15
Never Enrolled in School	22	40	7	3	3	13	8	4	6	6	6	6	12	10	14	6	166
Death	-	2	-	-	-	1	-	1	-	1	-	-	-	-	-	-	5
TOTAL	77	152	81	84	75	77	68	81	67	97	93	55	69	62	57	16	1211

15. Anticipated CLEO summer institute participants - June, 1984 230

16. Anticipated law school enrollees - Fall, 1984 225

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CLEO FELLOWS' CAREER PATTERNS

Judgeships	14
Elected Officials	6
Legal Education	12
Graduate Education	6
Undergraduate Education	6
White House Fellow	1

PUBLIC SECTOR

Assistant Prosecutors	7
City Attorneys	19
State District Attorneys	9
Federal Agencies, (Administration)	8
Federal Agencies, (Litigation)	31
Federal Agencies, (Staff Attorney)	16
Judge Advocates General Corps (Military)	11
Judicial Law Clerks	4
Executive Directors, Legal Services	7
Managing Attorneys, Legal Services	14
Staff Attorneys, Legal Services	57
Municipal Government (Administration)	6
Municipal Government (Executive Director)	1
Municipal Government (Legal Positions)	11
Municipal Government (Litigation)	23
Public Defenders (State & Federal)	25
Public Interest Organizations (Administration)	4
Public Interest Organizations (Litigation)	6
Office of State Attorneys General	23
State Government (Administration)	9
State Government (Litigation)	16
Office of U.S. Attorney	11

PRIVATE SECTOR

Congressional Aides (House of Representatives)	1
Congressional Aides (Senate)	1
Congressional Aides (State Gov't)	1
Corporate Practice (Litigation)	16
Corporate Staff Attorney	3
Corporations, Banks, Insurance Companies, Accounting firms, et. al. (Administration)	24
Entrepreneur (Owner of Businesses, i.e. Real Estate firm, etc.)	8
Law Clerk	6
Partner in a Law Firm (3 or more partners in firm)	49
Private Practice (Sole practitioner or partnership)	153
Staff Attorney in Law Firm (3 or more partners in firm)	39
Staff Attorney in Small Law Firm	8
Other Law-Related Activities	24
Total	688

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PREPARED STATEMENT OF LARRY RINCONES, PRESIDENT, NATIONAL HEP/CAMP ASSOCIATION

Mr. Chairman, committee members, my name is Larry Rincones. I am the Director of the High School Equivalency Program at Pan American University at Edinburg, Texas. The program is located in South Texas, the area with the highest concentration of migrant and seasonal farmworkers in the country. Presently, I am also President of the HEP/CAMP Association composed of the twenty High School Equivalency Programs and the five College Assistance Migrant Programs funded for FY 83.

In 1967 the High School Equivalency Program was created to address the educational and occupational needs of the migrant student dropout. In 1972, the first College Assistance Migrant Program was funded to address the educational needs of migrant and seasonal farmworker students wanting to pursue a post-secondary education. These programs were first administered by the migrant division of the United States Office of Economic Opportunity (OEO). In 1973, the programs were transferred to the Division of Farmworker Programs within the Department of Labor. Since 1980, HEP and CAMP have been administered by the Division of Migrant Education within the Department of Education.

A nation study, funded by the Department of Education, of migrant education was conducted by EXOTECK Inc. in 1974. The study revealed that 90% of the migrant students who begin public school never graduated. In addition, less than 1% were enrolling in postsecondary education. In 1979, the Research Triangle Institute, in a study of migrant student achievement, revealed that migrant students are two grade levels behind the average student and they are more academically disadvantaged than any other group that qualifies for compensatory education. Our own survey reveals that students entering the HEP program drop out on the average at the ninth grade level.

The three main reasons why students drop-out are: 1.) financial, 2.) I didn't feel a part of the school and 3.) I felt older than the other students.

In addition, the employment for this group of Americans is extremely affected, not only by the economic conditions of the country, but by the weather. Just this past winter, the weather destroyed the employment opportunities for thousands of migrant families who reside in the south and southwest. It is in these areas of the country where the migrant streams traditionally originate. In Texas, we are already seeing migrant families having to migrate earlier than usual.

The funding for these programs has remained at the same level since their inception. Appropriations have varied anywhere between 6.9 million and 7.5 million dollars. For FY'83, the HEP programs funded are serving 2,775 students and the five CAMP programs funded are serving 455 students.

While appropriations have basically remained the same, the need has been continually growing. According to the Migrant Record Transfer System, the system which attempts to identify migrants attending public schools thoughout the country, there are approximately 140,000 migrant and seasonal farmworker students in Jr. High and High Schools throughout the country. In some areas of the country, particularly in the southwestern and western states where most migrant families reside, the dropout rate is from between 50% to 70%. For example, the area of the Rio Grande Valley, a four county area which my program serves, there are approximately 14,000 migrant students in the twenty-eight high schools. According to the migrant counselors, approximately 7,500 studnts drop out each year. Our Washington State University HEP program reports similar drop-out rates in the Yakima Valley in Washington; the HEP at the California State University at Fresno reports find similar drop-out rates in the San Joaquin Valley, the Imperial Valley and the Salinas Valley. Our Puerto Rico HEP program finds the same drop-out situation on the island. The HEP and CAMP programs provide the only avenue whereby the migrant and seasonal farmworker student can return for the education necessary to break the migrant stream. In the HEP program the student is considered successful only when he receives his G.E.D. and is placed in university setting, in a vocational or technical school, in job training, or a job. The track record of these programs since their beginning has been exemplary: 85% of those participating in the HEP program receive their G.E.D. (We estimate approximately 25,000 students have received their G.E.D. through HEP; 90% are successfully placed in a college or university, technical or vocational school, training or a job.

For the CAMP programs the results are also quite impressive: 88% of the students complete their freshman year; the average G.P.A. for a CAMP student is a 2.3 (based on a 4.0 scale).

The academic success is remarkable when one considers that CAMP students score 250 points below the national average on the SAT.

If the migrant and seasonal farmworker youths are to become integrated into the mainstream of our society, they must be given the opportunity, through career training and supportive services, to obtain a secondary and postsecondary education. Federal educational support for farmworker families has concentrated on preschool and elementary grade levels. The HEPs and the CAMPs represent virtually the only direct federal response to a demonstrable need at the secondary and postsecondary levels.

Last week, Diana Sifuentes, an ex-HEP student testified before this subcommittee. It is because of HEP and CAMP that there are many thousands of stories just as Diana's.

The National HEP/CAMP Association wishes to express its concern regarding the FY '85 budget and the serious and grave consequences of depriving migrant and seasonal farmworker youths access to secondary and postsecondary education. Thank you.

OPENING STATEMENT OF HON. PAUL SIMON, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF ILLINOIS AND CHAIRMAN, SUBCOMMITTEE ON POSTSECONDARY EDUCATION

Today the Subcommittee on Postsecondary Education holds its eighth in a series of reauthorization hearings on H.R. 5240, The Higher Education Act Amendments of 1984. These hearings have focused on both the budgetary ramifications and educational policy implications of the proposed amendments to major programs the Higher Education Act of 1965.

We turn our attention today to: (1) broader policy issues such as the access of Hispanic Americans to postsecondary education; (2) the relationship of federal education programs to higher education institutions in the trust territories (which look to us for help); and (3) the adequacy of federal support for smaller programs in the Higher Education Act, e.g. Cooperative Education Veterans Cost of Instruction (VCIP), HEP-CAMP, etc.

We will also hear this morning about a new iniative which will marry higher education institutions, using the College Work Study program, and local literacy efforts to help reduce our Nation's hidden problem of adult illiteracy. More than 23 million Americans can not read or write. That fact alone contributes to high unemployment and retards economic growth.

The Reagan Administration's FY 1985 Budget and legislative proposals continue a pattern of neglect and indifference toward many of the programs we will hear about today. Accepting the Administration's recommendation's would result in drastic reductions in access to higher education for the particular population they serve, and reduce the likelihood of success of these students once they are enrolled. The President's proposals represent a step backward when we ought to be moving forward.

The Higher Education Act Amendments of 1984, which I introduced two weeks ago with 25 of my House colleagues, would not only continue and maintain these programs and services for veterans, minority disadvantaged students, but would increase the funding for these programs. These are the students that need the encouragement and the chance to pursue their higher education aspirations. Our witnesses will add a very significant perspective and a new dimension to this.

Our witness list is quite long today and many of you have come great distances to testify. All written testimony will be entered in the record and I would ask that you try and summarize a few salient points in your prepared statements. This will help us move along quickly and everyone the opportunity to be heard.

PREPARED STATEMENT OF HARVEY J. STEDMAN, DEAN OF CONTINUING EDUCATION, NEW YORK UNIVERSITY AND PRESIDENT, NATIONAL UNIVERSITY CONTINUING EDUCATION ASSOCIATION

On behalf of the National Unversity Continuing Education Association, I would like to commend the Chairman of the Postsecondary Education Subcommittee for his leadership in introducing H.R. 5240. My comments for the record will focus on the concerns of the National University Continuing Education Association, namely, needs of students who are not 18–24 years old and who do not attend postsecondary education degree programs on the campus on a full-time basis. These students encompass older (and sometimes younger) students who continue their education in nontraditional ways. These students are the majority of students right now, and

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their numbers will increase in the foreseeable future. It is our opinion that the Higher Education Act should recognize that the higher education student body has changed, and that it should accommodate the needs of the majority of students as well as the needs of the 18–24-year-old, full-time, on-campus students. It is this philosophy upon which our brief comments are based. Our priorities for the Higher Education Act Amendments therefore focus specifically on two titles—Title I and Title IV.

TITLE I

We believe that the education of people throughout their adult lives is critical for the survival of this county and that institutions of higher education have a responsibility to make a substantial contribution to this educational process. Down the line, we envision the Higher Education Act as a vehicle for educating people of all ages throughout life. However, we recognize that higher education, which has always adapted to meet the needs of the American society, is in a transitional period. It is therefore not surprising that although we are outgrowing the legislation that was created to accommodate the needs of society in 1976, we do not clearly see how society will be transformed ten years from now. Since our society is in transition, our legislation necessarily must also be in transition. We do, however, have glimpses of what our needs will be in the next ten years, and those needs clearly will involve increased education and training of adults. Therefore, the educational system for reaching those students must be revised.

Our assumptions regarding Title I, the only Title of the Higher Education Act which at this time specifically addresses society's needs for the future, are as follows:

Colleges and universities are the primary keepers and perpetuators of a higher percentage of the knowledge of this society.

This knowledge should be shared with learners throughout their lives, in appropriate, effective ways.

Colleges and universities should be assisted in accomplishing the two goals stated above in this time of transition.

To that end, NUCEA recommends that Title I be completely rewritten from how it appeared in the Amendments of 1980 and only slightly revised and added to in H.R. 5240. Title I has suffered from a "Christmas tree" approach, with too many different goals attached to one title under the heading of "outreach." Even though there is consensus that learning throughout life is necessary for the economic and spiritual success of this country, Title I has not been funded since its reauthorization in 1980. We suggest that the reason is that it tried to do too many thing for too many people and ended up without a constituency. We strongly recommend against an extension of legislation that has not been and is not likely to be funded. And we strongly recommend against adding additional parts to existing legislation that detract from the original continuing education focus of the title. These additions include the literacy, correctional education assistance, and veterans cost of instruction programs.

We so recommend that Title I legislation be written to do one thing and one thing only, that is, to financially assist institutions of higher education to develop and strengthen educational delivery systems to meet the needs of learners unable to attend class in the irraditional sense and at the traditional times. These learners encompass many of the constituencies you are attempting to serve through additional sections of the proposed Title I. They include the incarcerated, illiterate adults, and veterans. Our proposal would encourage and assist colleges and universities to make their resources available to learners at home, at the workplace, in isloated areas through the new technologies. Our members tell us that they have a commitment to serving learners of the campus. Often they have the hardware to do it. What they do not have is the software, the experience, the faculty expertise, or the educational understanding to put the new media and technology approaches in effect for their learners during this difficult time of transition. We therefore recommend the following legislation:

Innovative delivery systems to serve the distant learner

Purpose: It is the purpose of this part to help serve the educational needs of students off the campus by providing funds to colleges and universities to upgrade or develop educational delivery systems and to train faculty in their use.

Demonstration projects

The Secretary is authorized to make grants to and enter into contracts with institutions of higher education to develop programs to serve the needs of distant learn-

ers, methods of delivery of such programs, and training of instructors in such programs to meet the needs of any individual for whom such institution may direct its activities and education programs. In making such grants and entering into such contracts, the Secretary shall consider any one or more of the following goals:

(1) The use of technologically oriented or innovative delivery systems utilizing interactive computers, radio, television, teleconferencing, video-disc, print, any combination thereof or such other means as may provide direct use and access by individuals to such programs and instructors.

(2) Targeting of educational programs utilizing innovative delivery systems to learners at the workplace, in the home, and at learning sites far from campus.

(3) The development of off-campus programs to meet the needs of learners for whom continual training and retraining is necessary, including professional continuing education, skill updating, and other kinds of non-credit activities that are necessary to the retraining of the workplace.

(4) Training of faculty and staff to develop educational programs that use innovative delivery systems and to use such programs and systems to enhance the teaching capabilities of faculty and the learning opportunities of students off the campus.

(5) The use of such other programs, delivery systems or training for instructors as any institution of higher education may certify as appropriate for achieving any of the preceding goals.

The Secretary of Education shall evaluate such demonstration projects and shall report annually to the Congress and to the President on such evaluation, commencing June 1, 1986.

There are authorized to be appropriated $30 million for FY 1985, $35 million for FY 1986, $40 million for FY 1987, $45 million for FY 1988, and $50 million for FY 1989 for such demonstration projects.

The Federal share shall be 100% for the first year of any demonstration project, 80% for the second such year, and 60% for each such year thereafter.

TITLE IV

Many changes were made in the 1980 amendments which resulted in an enlightened federal policy for matriculated students working toward a degree and attending college at least half-time. One of the changes allowed institutions to award up to 10 percent of Supplemental Education Opportunity Grants and College Work Study funds to less than half-time students. We are pleased to see that that provision remains in H.R. 5240 under the block grant option. The problem is that an enlightened federal policy has not resulted in delivery of funds to part-time students on a number of campuses. The breadkown occurs at the institutional level, where priorities for funding are established. Pell Grants and Guaranteed Student Loans are "real" optons; campus-based funds elude many needy part-time students. Pell Grants and GSL must be given to qualified students who register for a minimum of half-time while SEOG and CWS are awarded to less-than-full-time students at the discretion of the institutions. When institutions are hard-pressed to fund full-time students with limited dollars, other students lose out. This occurs at a time when the part-time student population is growing dramatically. A disturbing concomitant trend is for states to shirk their responsibilities for assisting part-time students because it is believed that the federal government has answered the call. In effect, the part-time student is caught in a squeeze, and the net effect is little or no aid.

We therefore recommend the following:

(1) We support the removal of restrictions in current programs to allow part-time students (including less-than-half-time) to become eligible for all student assistance programs.

(2) We believe the limits on the cost-of-attendance provisions should be abolished so that students who live off-campus will not have their non-tuition expense limited by an arbitrary figure.

(3) Given less than the recommendation in number one above, we recommend that each institution be required to reserve a percentage of funds for part-time, on-campus students, based on their full-time equivalent numbers on campus.

(4) Another group of students is totally outside the financial mainstream—students who need to enroll in noncredit courses or conferences to obtain employment or become more than marginally employed. This number is increasing as we attempt to retrain the workforce, and their financial needs should be considered.

The NUCEA membership thanks you for the many good ideas presented in H.R. 5240. We want to work with you as you seek to create new legislation and encourage you to use our organization as a source of information and counsel.

HEARINGS ON THE REAUTHORIZATION OF THE HIGHER EDUCATION ACT

FRIDAY, APRIL 6, 1984

HOUSE OF REPRESENTATIVES,
COMMITTEE ON EDUCATION AND LABOR,
SUBCOMMITTEE ON POSTSECONDARY EDUCATION,
Winona, MN.

The subcommittee met pursuant to call at 11 a.m., in the North Lounge, Lourdes Hall, College of St. Teresa, Winona, MN. Hon. Timothy Penny presiding.

Members present: Representatives Penny and Gunderson.

Staff present: William A. Blakey, counsel and Rose DiNapoli, Republican legislative associate.

Mr. PENNY. Before we begin, Dr. Thomas J. Hamilton, president of the College of St. Teresa, has a few words.

Dr. HAMILTON. I would like to take this opportunity to welcome Congressman Penny and Congressman Gunderson to the College of St. Teresa.

All of us here in this room, regardless of whether we are from the public or the private sector, are vitally interested in the subject of financial aid. We know that the current program of financial aid, as sponsored by the Federal Government, guarantees equality of access and equality of opportunity for students throughout the country.

The current program of Federal financial aid to students has worked well over two decades. A number of years ago it was subject to a proposed revision. The revision did not take place. However, the precipitous manner in which the revision was discussed was harmful to colleges and students. None of us here in this room are opposed to revisions. However, we'd like to insist that any revisions that are undertaken should be done carefully and prudently and without any scare publicity.

Once again, let me state that you are all welcome here at the College of Saint Teresa. Let me laud you for your interest and let me request once again that, as you examine Federal contributions of financial aid to students, you proceed slowly and cautiously.

Thank you.

Mr. PENNY. Thank you Dr. Hamilton for your kind words of welcome. On behalf of Congressman Gunderson and myself may I say that we are pleased to be here today. I'm particularly pleased that we were able to arrange this hearing in Winona, home of my alma mater—Winona State University. Winona is a particularly suitable location for this hearing as it is the home of four institutions of

higher education, St. Mary's College, the College of St. Teresa, Winona State University and the Winona Area Vocational Technical Institute.

I look forward to hearing testimony today from the slate of knowledgeable witnesses which we have lined up. Your testimony will be extremely helpful to Congressman Gunderson and myself. Through testimony such as yours, we are better able to evaluate the strengths of H.R. 5240, and identify the areas where improvement is called for.

Furthermore, southeastern Minnesota is the ideal place to give this bill a hearing. Within the confines of the First Congressional District, there is a thorough mix of of types of higher education facilities, private and public 4 year colleges and universities, community colleges, area vocational technical institutes, and the graduate and medical programs offered by the Mayo Clinic. If we could develop a consensus package that responds to the needs of the institutions within my district, I feel certain that the package would also adequately respond to the needs of higher education throughout the Nation.

Again, I thank Dr. Hamilton for welcoming us to his campus today, Congressman Gunderson for attending, the witnesses present, and all of you here today who share my concern for the future of higher education.

Congressman Gunderson, do you have any opening remarks?

Mr. GUNDERSON. My opening statement is in two parts today. No. 1, that as a friend of Representative Penny, I happen to not only serve with Tim but I serve with him on both the Education and Labor and the Agriculture Committee's, and our districts not only border but are very similar, as all of you know. I can assure you that you have not only an able and hardworking, but I think most important, a very sincere Member of Congress who is willing to look for the right answers, above and beyond the political answers.

No. 2, I think I'm here because it's very important as Representative Penny indicated and as President Hamilton indicated earlier that education, and particularly higher education, has always enjoyed in this country a bipartisan tradition and I think it's important that we do maintain that. The committee historically has done so and we certainly share that commitment today. I think this is true not only of myself but of my colleagues on the subcommittee and the full committee.

Reauthorizations serve a very useful purpose. Reauthorizations are useful because they both allow us in the essence of times and during very busy schedules force us to update present law to present needs. We're witnessing a challenge as we begin this process of reauthorization of the Higher Education Act because we have, I think, two challenges. One is to provide the most efficient program to our students and to the needs of ~~our~~ students, colleges and universities. Certainly with the budget challenges we face we all want to make sure that the dollars we do have, limited though they may be at times, go to the right people and in the right way.

Second, we need to adapt to changing needs. I happen to believe that we are witnessing out there a changing population.

If I recall the statistics correctly, in 1980 we witnessed 25 percent of the students attending our colleges and universities in this coun-

try were called nontraditional or adult learner. By 1990 we're going to look at 47 percent of our student body being a nontraditional or adult learner.

I would hope, and one of my special interests, as we go through the reauthorization process, is that we to check as to exactly how our student financial aid programs, not just title VI but the entire act, meet the unique needs of all students, the nontraditional students and the others, in the decades of the 1980's and beyond.

With that, we're here to hear your testimony, not to give speeches. I'm happy to be here and look forward to your statements.

Mr. PENNY. I call forward then the first panel, President Peter Clifford of St. Mary's College, Dr. Charles Harwood, director of the Rochester Area Vocational Technical Institute and Dr. Thomas Stark, president, Winona State University.

Perhaps you've discussed this among yourselves already as to the order in which you'll make your presentations. If you haven't, decide quickly and we'll move forward. If you do have others that you intend to bring forward with you to supplement your testimony, you're welcome to ask them to join you at the table.

STATEMENT OF BROTHER PETER CLIFFORD, PRESIDENT, ST. MARY'S COLLEGE

Brother CLIFFORD. Good morning. I'm Brother Peter Clifford, the president of St. Mary's College in Winona, and I've asked to come up with me Brother Paul Grass, who is on my left, who is the vice president for administration and is in charge of the policy decisions for both financial aid and coordinator of our title III program.

I join in the sentiments of Dr. Hamilton in welcoming this subcommittee and I speak for the independent college group that includes not only St. Mary's and St. Teresa's in the First Congressional District of Minnesota, but also Carlton College and St. Olaf in Northfield.

We do welcome Congressmen Gunderson and welcome back Congressman Penny.

As I prepared this testimony, and that was 2 days ago, I realized that there was a severe handicap we were working under. Although the latest version of the reauthorization bill was introduced on March 23, I had not yet seen any text and therefore in preparing my testimony I had to rely on earlier versions.

I want to express that if my experience is similar to that of other commentators in the field, it reinforces my conviction that the schedule for reauthorization may be on a faster track than it need be and I urge that the final consideration of this reauthorization bill be delayed.

Not enough time is being allowed to gather the necessary data and, I, for one, have only an incomplete understanding of the probable long-term effects of this reauthorization.

Student aid is a complex important issue and is at the root of the ability of poor and middle-class students to obtain an independent college education. It is absolutely vital to the small private college's ability to offer its educational services to the people that it wants to serve and the people that have the needs that the college can provide.

My remarks focus in sequence on selective titles of the Higher Education Act in order to highlight certain issues. Title III, institutional aid, has certainly benefited St. Mary's College through three multiyear grants since 1975. Without question or doubt those funds have been in large part the basis for the academic and financial advances the college has achieved during the past 9 years.

With title III assistance, St. Mary's has put in place a simple yet effective planning process, introduced programs that enroll hundreds of additional students, and provided faculty members with training programs and study leaves for upgrading their professional competencies.

The continuing effects of title III assure the stability and future of St. Mary's College. For this college, title III produced life in what was a life and death struggle.

Despite some reports of alleged ineffectiveness on the part of a few colleges and their use of title III funds, I am certain that many institutions, like St. Mary's, survive and are better today because they used title III well.

Thus, small liberal arts, church-related colleges—and I want to suggest that that may be one of the new endangered species—have the same needs at critical points in their evolution and the same mission of service as our sister colleges historically committed to black and other minority communities.

I wish to support the new focus on endowment development recently added to title III and written into the proposed title XII.

This endowment development provision typifies the long-range partnership that must be fostered by matching Federal, private and institutional resources.

I might refer in a similar vein to college housing loans, energy conservation, matching grants and tax-exempt bond financing through higher education facilities authorities, the mutual benefits of this government-private partnership.

I now turn to title IV, student aid. In today's economy and in the midst of a struggle by Congress and the administration to bring an horrendous Federal budget deficit into line, I urge this subcommittee to continue supporting the goal of the higher education community and the citizenry at large to assure financial accessibility for all Americans to all of the Nation's wide diversity of higher education opportunities.

In my mind, accessibility to higher education is an element of American life that makes our Nation unique throughout the Earth.

From the viewpoint of the small independent college, whatever adjustments are made in student aid must focus on programs that are tuition sensitive. Tuition pricing patterns in independent colleges are necessarily higher than those in institutions whose operations are directly subsidized by government.

Balanced appropriations should maintain the statutory goal—the Higher Education Amendments of 1980—that 75 percent of the student's college expenses be paid by a reasonable—that is, a need-base—combination of parent contribution, independent student contribution, if need be, Pell grant, SEOG and SSIG.

The remaining 25 percent of the student's expenses should be paid by student self-help through a combination of college work-study, NDSL, GSL and parent loan.

Consistency of Federal student aid programs from year to year is most important in preserving accessibility to private colleges.

Parents and students in 1984, for example, are much more assured and optimistic in planning for college than they were in 1982, to which Dr. Hamilton also referred, when extensive publicity about impending but never fully carried out drastic cuts in student aid discouraged families from even applying to independent colleges.

I urge the subcommittee to establish a master calendar for the delivery of student aid as recommended by the National Commission on Student Financial Assistance.

I support legislation that would concentrate Federal grants on tuition expenses in order to correct the erosion in Federal grant support suffered over the past 3 years by needy students in independent colleges.

Thus, I support the proposal to base Pell grants awards on tuition expenses plus a uniform allowance for living expenses up to a maximum limit in 1986-87 of $3,000 per award.

Furthermore, campus administration of Pell grants could realize substantial savings in processing time and cost.

College work-study should continue to be separate from cooperative education. Each of those programs serves different students with different needs. Neither should college work-study funds be authorized for use in for-profit businesses and agencies. Scarce work-study funds should be focused on the nonprofit sector

Campus jobs, in particular, give students a role in the institution, strengthen retention and provide learning experiences. Work-study could be expanded, in fact, if Congress were to extend the State incentive programs to allow States to establish or sustain a supplemental work-study program.

I support legislation to limit coverage provided by the guaranteed student loan program to the amount of a student's remaining need after all other institutional and governmental grant, work and loan benefits, together with all expected parent and student contributions are taken into account. There should be no origination fee in the GSL program.

I also oppose any legislation that consolidates the GSL with the NDSL. Each has a different population of students to serve, with different rates and terms reflecting the financial circumstances of the two groups of students.

As a college that has worked hard to reduce its NDSL default rate to its present 4.3 percent level, St. Mary's encourages legislation to expand the incentive for students and institutions to assure timely repayment of federally subsidized student loans.

In summary, I underline three essential characteristics—partnership, accountability and consistency.

Partnership will be strengthened by mandating matching payments from States and institutions to Federal aid programs. Case in point, St. Mary's College itself funded $942,000 in scholarships and grants, 95 percent need-based, in 1982-83. In that same year, Federal Pell grants and SEOG's totaled $405,000 and State scholarships and grants totaled $250,000. That's partnership.

The accountability will be assured by making Pell grants campus-based and auditable, as well as by requiring all family

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income data submitted on all Federal student aid applications to be verified by campus financial aid administrators using Federal income tax returns.

Consistency will be attained by adopting a master calendar and by legislating annual costs-of-living adjustments.

We also have remarks on title V and title VI and title VII. These are in the written testimony that is here and I would extend these remarks.

I would close with these comments with a short quotation from Elmer Andersen, the former Governor of Minnesota and currently chairman of the Governor's Commission on the Future of Post Secondary Education, who says:

> The hardest reality that we all face is to recognize that top quality does not come at bargain prices. A willingness to invest in quality education at this time is the surest way to provide the best economic and social future for our state and its people.

I believe that that is equally appropriate for our Nation and for all our people. Thank you for this opportunity.

Mr. PENNY. Thank you, Brother Clifford.

I want to note at this time that all written testimony and other material will be included in the committee record, so if others want to do as Reverend Clifford did and summarize remarks or add other statements to the record you can do that in addition to those remarks that you have made before the committee.

[Prepared statement of Rev. Peter Clifford follows:]

PREPARED STATEMENT OF PETER CLIFFORD, F.S.C., PRESIDENT, SAINT MARY'S COLLEGE, WINONA, MN

Saint Mary's College, like its sister college in Winona, the College of Saint Teresa, is a small liberal arts college located in this beautiful Mississippi river town. I speak for our independent college community, which also includes Carleton College and St. Olaf College, both in Northfield and also in the First Congressional District, as well as for the Winona community at large, in welcoming the members and staff of the House Postsecondary Education Subcommittee.

As I prepared this testimony (April 3, 1984), I realized a severe handicap. Although the latest version of a reauthorization bill was introduced on March 23, 1984, I have not yet seen any text and must rely on earlier versions to offer these remarks. If my experience is similar to that of other commentators in the field, it reinforces my conviction that the schedule for reauthorization is on a faster track than it need be. I urge that final consideration of this reauthorization bill be delayed until next year.

Not enough time is being allowed to gather the necessary data. I, for one, have only an incomplete understanding of the probable long-term effects of this reauthorization. Student aid, for example, is a complex, important issue at the root of the ability of poor and middle-class students to obtain a college education. Student aid is absolutely vital to the small private college's ability to offer the educational services that people need and want.

My remarks focus, in sequence, on selected titles of the Higher Education Act, in order to highlight certain issues. Title III, Institutional Aid, has benefited Saint Mary's College through three multi-year grants since 1975. Without question or doubt, these funds have been in large part the basis for the academic and financial advances the college has achieved during the past nine years. With Title III assistance, Saint Mary's put in place a simple, yet effective, planning process, introduced programs that enrolled hundreds of additional students, and provided faculty members with training programs and study leaves for upgrading their professional competencies.

The continuing effects of Title III assure the ~~stability and future of~~ Saint Mary's College. For this college, Title III produced life in what was surely a life and death struggle. Despite reports of alleged ineffectiveness on the part of some colleges in their use of Title III funds, I am certain that many institutions, like Saint Mary's,

survive and are better today because they used Title III well. Thus, small liberal arts, church-related colleges (an endangered species) have the same needs at critical points in their evolution and the same mission of service as our sister colleges historically committed to black and other minority communities.

I particularly wish to support the new focus on endowment development, recently added to Title III and written into the proposed Title XII. This endowment development provision typifies the long-range partnership that must be fostered by matching federal, private, and institutional resources. (In a similar vein, College Housing Loans, Energy Conservation matching grants, and tax-exempt bond financing through the State Higher Education Facilities Authority exemplify the mutual benefits of this government/private partnership.)

I now turn to Title IV, Student Aid. In today's economy and in the midst of a struggle by the Congress and the Administration to bring the horrendous federal budget deficit into line, I urge this Subcommittee to continue supporting the goal of the higher education community and the citizenry at large to assure financial accessibility for all Americans to all of the nation's wide diversity of higher education opportunities. Accessibility to higher education is an element of American life that makes our nation unique throughout this earth.

From the viewpoint of the small, independent college, whatever adjustments are made in student aid must focus on programs that are tuition-sensitive. Tuition pricing patterns in independent colleges are necessarily higher than those in institutions whose operations are directly subsidized by government. Balanced federal appropriations should maintain the statutory goal (Higher Education Amendments of 1980) that 75% of a student's college expenses be paid by a reasonable (i.e., need-based) combination of parent contribution (and independent student contribution, if that be the case), Pell Grant, Supplementary Educational Opportunity Grant (SEOG), and State Student Incentive Grant (SSIG). The remaining 25% of the student's expenses should be paid by student self-help programs, through a combination of College Work-Study, National Direct Student Loan, Guaranteed Student Loan, and parent loan (PLUS/ALAS).

Consistency of federal student aid programs from year to year is most important in preserving accessibility to private colleges. Parents and students in 1984, for example, are much more assured and optimistic in planning for college than they were in 1982, when extensive publicity about impending (but never fully carried out) drastic cuts in student aid discouraged families from even applying to independent colleges. I urge the Subcommittee to establish a Master Calendar for the delivery of student aid, as recommended by the National Commission on Student Financial Assistance.

I support legislation that would concentrate federal grants on tuition expenses, in order to correct the erosion in federal grant support suffered over the past three years by needy students in independent colleges. Thus, I support the proposal to base Pell Grant awards on tuition expenses, plus a uniform allowance for living expenses, up to a maximum limit in 1986–87 of $3,000 per award. Furthermore, campus administration of Pell Grants could realize substantial savings in processing time and cost.

College Work-Study should continue to be separate from Cooperative Education. Each program serves different students with different needs. Nor should College Work-Study funds be authorized for use in for-profit businesses and agencies. Scarce CWS funds should be focused on the non-profit sector. Campus jobs, in particular, give students a role in the institution, strengthen their retention, and provide learning experiences. Work-Study could be expanded, in fact, if Congress were to extend the state incentive program (SSIG) to allow states to establish or sustain a supplemental work-study program alongside the existing federal-state grant program.

I support legislation to limit coverage provided by the Guaranteed Student Loan program to the amount of a student's remaining need, after all other institutional and governmental grant, work, and loan benefits, together with all expected parent/student contributions, are taken into account. There should be no origination fee in the GSL program. I also oppose any legislation that consolidates the Guaranteed Student Loan with the National Direct Student Loan. Each has a different population of students to serve, with different rates and terms reflecting the financial circumstances of the two groups of students. As a college that has worked hard to reduce its NDSL default rate to its present 4.3% level, Saint Mary's encourages legislation to expand the incentive for students and institutions to assure timely repayment of federally subsidized student loans.

In summary, I underline three essential characteristics: partnership, accountability, and consistency. Partnership will be strengthened by mandating matching payments from states and institutions to federal aid payments. (As a case in point,

Saint Mary's College itself funded $942,000 in scholarships and grants—95% need-based—in 1982-83. Federal Pell Grants and SEOG's totaled $405,000. State scholarships and grants totaled $250,000. Accountability will be assured by making Pell Grants campus based and auditable as well as by requiring all family income data submitted on all federal student aid applications to be verified by campus financial aid administrators using federal income tax returns. Consistency will be attained by adopting a Master Calendar and by legislating annual cost-of-living adjustments.

The length and complexity of the Higher Education Act are in keeping with the importance of postsecondary institutions to the future of our country. Let me comment briefly on several other titles in the proposed reauthorization.

Title V, Teacher Preparation, promises to give new life to the beleagured teaching profession. Saint Mary's success in past National Science Foundation teacher training institutes and the current rekindling of student interest on campus in teaching careers augur well for the success of a renewed federal effort to stimulate excellent teaching and to meet the future need for excellent teachers to fill the gap created by the "teaching depression" of the past decade.

Title VI, International Education, can be especially helpful to small, independent colleges, if institutional grants are provided for undergraduate faculty and students for study abroad. Every traveler's experience shows that motivation to study foreign languages and cultures come *after* the opportunity to live for a time in a foreign country. The cultural isolation of the United States can only be cured by more frequent contact with other nations.

Title VII, Academic Facilities, offers a crucial opportunity for federal partnership with independent colleges. Again, I accept the challenge for the college to match any federal contribution, whether in grants or loans. Colleges must be expected to budget for adequate maintenance and renovation of equipment and facilities, but the demands of energy conservation, information technology, and scientific equipment are too much for any institution to fund in the short term. Let those institutions that can raise matching funds from their own constituents be rewarded for their initiative and consumer support.

I close these comments with a short quotation from the Honorable Elmer Anderson, former Governor of Minnesota and currently Chairman of the Governor's Commission on the Future of Post Secondary Education:

"The hardest reality we all face is to recognize that top quality does not come at bargain prices. A willingness to invest in quality education at this time is the surest way to provide the best economic and social future for our state and its people."

I believe that is equally appropriate for our nation and its people. Thank you for this opportunity to present my remarks and recommendations to this Subcommittee.

Mr. PENNY. I would like to move through all the panelists first and then ask questions of the panelists as a group and proceed on that basis through each of the panels today.

Dr. Stark.

STATEMENT OF DR. THOMAS F. STARK, PRESIDENT, WINONA STATE UNIVERSITY

Dr. STARK. Thank you very much, Congressman Penny and Congressman Gunderson and committee staff members. We are very pleased that you have selected Winona as the place to have this hearing. We feel that this setting is a setting where education is held in very high priority.

We give thanks to you and to previous Congressmen for the great commitment that has been given to education and the benefits that we have from it today.

We do believe that the stability of the financial aid package is terribly important. Both Brother Clifford and President Hamilton alluded to the problems that faced us in 1982 when there was a lack of stability and students anticipating coming to college didn't really know what to expect.

We are grateful for the support that you people and others have given to postsecondary education. In fact, since the passage of the

Higher Education Act, student financial aid has grown considerably and fewer students are denied access to postsecondary education because of lack of financial resources than in previous times.

From 1959 to 1983, Winona State University students received over $40 million in Federal, State, and institutional financial aid. During those years, our national defense student loan, now the national direct loan, has grown from $42,000 to over $500,000. We have not received any Federal capital contribution for this program over the past several years, but our collections and the 6-percent delinquency rate have allowed us to keep this program going on on a revolving basis.

Other programs of considerable importance to our students are the college work-study, the supplemental educational opportunity grant, the Pell grant, the guaranteed student loan, the nursing loan, and the scholarship programs. Add to these the Minnesota State grant and scholarship program, institutional scholarships, work and loan programs, and you can see that we have a partnership with a sizable investment in our students, an investment that is returned to the State and the country many times over.

Where do we go from here? Because of rising college costs, financial aid has not kept pace. In the 1979–80 academic year, 58 percent of Winona State University's total tuition fees were paid by the national direct student loan, the Pell grant, supplemental educational opportunity grant and college work-study programs.

In 1980–81, 47 percent of the tuition fees were covered by those programs, and in 1981–82, 43 percent was covered by those programs, so you see a drop from 58 percent to 47 percent to 43 percent.

This drop is a 25-percent drop over the 4-year period and this gap will continue to widen unless cost stabilization or student aid is increased.

At our university, we're not able to meet 100 percent of the students' need in the national direct loan and supplemental educational opportunity grant program.

This means that more and more of our students will be forced to borrow large amounts through the private lenders and put themselves in a debt position from which it will be very difficult for them to recover.

Provisions must be made to allow students to consolidate loan payments and gift assistance should be provided to students so that an equitable financial aid package can be developed and loan debt can be kept at a reasonable level.

While there are many ideas of how best to serve students, it is clear that the Federal, State, and institutional partnership must continue to work together to get the job done.

It is our feeling at Winona State University that the Federal programs that are now in place are working and radical changes should not be made. What needs to be done is to fine-tune these programs to provide more flexibility on the part of the institutions for transferring dollars between programs and to fund programs at adequate levels.

These are not unreasonable requests, but realistic expectations if we hope to give students access to post secondary education.

In terms of title II, the Library Assistance Program, the program has provided money to supplement the library materials budget at our university. During the period 1978–82, the title IIA supplements totaled $31,547.

It would be extremely helpful if the college library resources program of the Higher Education Act would be adequately funded to address the very significant increase in the cost of books and periodicals.

Thank you.

Mr. PENNY. Thank you, Dr. Stark, for your testimony.

[Prepared statement of Dr. Thomas F. Stark follows:]

PREPARED STATEMENT OF THOMAS F. STARK, PRESIDENT, WINONA STATE UNIVERSITY

Since the passage of the Higher Education Act, student financial aid has grown considerably and fewer students are denied access to post-secondary education because of lack of financial resources. From 1959 to 1983 Winona State University students have received over 40 million dollars in Federal, State and Institutional Financial Aid. During those years our National Defense Student Loan, now the National Direct Loan, has grown from $42,000 to over $500,000. We have not received any federal capital contribution for this program for the past few years, but our collections and six percent delinquency rate have allowed us to keep this program going on a revolving basis.

Other programs of considerable importance to our students are: College Work-Study, Supplemental Educational Opportunity Grant, Pell Grant, Guaranteed Student Loan, and Nursing Loan and Scholarship Programs. Add to these the Minnesota State Grant and Scholarship Program, Institutional Scholarships, Work and Loan Programs and you can see we have a partnership with a sizeable investment in our students; an investment that is returned to the state and country many times over.

Where do we go from here? Because of rising college costs, financial aid has not kept pace. In the 1979–80 academic year, 58% of Winona State University's total tuition and fees were paid by the National Direct Student Loan, Pell Grant, Supplemental Educational Opportunity Grant and College Work-Study Programs. In 1980–81, 47% of tuition and fees were covered by those programs. In 1981–82, 43% was covered by those programs, and in 1982–83 those programs paid 33% of total tuition and fees. This is a drop of 25% over a four year period, and this gap will continue to widen unless costs stabilize or student aid is increased. At our University we are not able to meet 100% of the students need in the National Direct Loan and the Supplemental Educational Opportunity Grant Program. This means that more and more of our students will be forced to borrow large amounts through private lenders and put themselves into a debt position from which they will never recover. Provisions must be made to allow students to consolidate loan repayments, and gift assistance should be provided to students so that an equitable financial aid package can be developed and loan debt can be kept at a reasonable level.

While there are many ideas of how to best serve students, it is clear that the Federal, State and Institutional Partnership must continue to work together to get the job done. It is our feeling at Winona State University that the Federal programs that are in place now are working and radical changes should not be made. What needs to be done is to fine tune these programs, to provide more flexibility on the part of the institutions for transferring dollars between programs, and to fund the programs at adequate levels. These are not unreasonable requests, but realistic expectations if we hope to give students access to post-secondary education.

In terms of Title II, the Library Assistance Program, the program has provided money to supplement the library materials budget of our university. During the period 1978–1982, Title IIA supplements totaled $31,547.

It would be extremely helpful if the college library resources program of the Higher Education Act would be adequately funded to address the drastic increase in the costs of books and periodicals.

Mr. PENNY. Next is Dr. Harwood.

STATEMENT OF CHARLES HARWOOD, DIRECTOR, ROCHESTER AREA VOCATIONAL TECHNICAL INSTITUTE

Dr. HARWOOD. Good morning. My name is Charles Harwood and I'm director of the Rochester Area Vocational Technical Institute.

Both Minnesota and Wisconsin have very strong postsecondary vocational technical systems and they're not dissimilar, and while I'm certainly not authorized to speak for the folks in Wisconsin, nor actually for the other AVTI's in the State of Minnesota, I think that the kind of remarks that I will make, although rather general, generic in nature, would be representative of concerns that they have.

We have 33 AVTI's in this State and about 32,000 students currently attending postsecondary vocational technical schools, so it's a substantial percentage of our educational population that is concerned about grants needs that they need to attend postsecondary systems.

Since 1980, fiscal 1980, the percentage of tuition and fees covered by Federal funds has steadily decreased. If we use Rochester as an example to illustrate this point, 66 percent of the tuition fees collected were covered by Federal awards to students. In fiscal 1983, the percentage covered has dropped to 44 percent, and that's a net decrease that is fairly substantial.

In fiscal 1985, the maximum combination of Federal and State grants that a student will be able to receive at an ATVI is about $1,874, and this is a 5-percent increase over fiscal 1984.

However, the tuition alone in this State will increase by 26 percent. Obviously it isn't going to cover.

In fiscal 1983, again using statistical data from Rochester, 59 percent of the students who applied for financial aid reported a family income of less than $12,000, and it's a concern to us that these students are not able to get increased Federal grant money, they will be faced with heavy loan obligations or possibly become discouraged and not complete their education.

We therefore agree that the Pell grants need to be increased to keep up with rising costs of education and there should be less emphasis on loans for lower income students.

We are also concerned about the guaranteed student loan program and its effect upon the independent student. While we understand the desire to enhance the integrity of the student loan program by requiring all students to undergo a needs test to determine eligibility, we are concerned about the impact that this could have upon the independent student.

Under the present method by which financial need is determined, independent students are expected to contribute almost all of their incomes toward the cost of their education and this means that the independent students do not have the same access to financial aids that dependent students have.

Oftentimes the guaranteed student loan is the only type of aid these students are able to receive, and in many cases it has meant the difference whether or not the independent student is able to pursue his education.

Using fiscal 1983 data again from Rochester, 87 percent of the independent students had an expected family income for the year

of less than $12,000 and most of those students did not qualify for grants.

If we are to use the same needs base concept that is presently being used on other types of financial aids, the independent student would be unable to receive any type of aid.

For example, independent students with incomes of less than $12,000 under the need-based concept would be expected to contribute approximately $9,000 toward their education, which in most cases is not possible for them to do. This means they would not be eligible for a loan, and without a loan they simply don't see how they can attend the institutes.

We are concerned about the complexity of the regulatory and awarding process. In order to serve the best interests of students, we feel that it is essential that the regulatory and awarding process be simplified to relieve the burden placed on financial aids administrators and by so doing it will enable administrators to get awards out to the students in a more timely fashion.

Finally, we are in favor of a block grant program which would give the financial aids administrator greater flexibility and control in meeting the students' individual and unique needs. Decisions could then be made at the campus level, thereby saving students weeks of valuable time which would otherwise be spent in awaiting award decisions.

We ask you to study these comments as you formulate recommendations for legislative action.

I want to thank you and I want also to say that as director of the school I do not deal specifically with students, but being of sound mind I did bring someone along—Mr. Dale Hogan, will you raise your hand—and he will deal with specific questions during the day as they come up.

Mr. PENNY. Thank you, Dr. Harwood.

[Prepared statement of Dr. Charles Harwood follows:]

PREPARED STATEMENT OF DR. CHARLES E. HARWOOD, DIRECTOR, ROCHESTER AREA VOCATIONAL-TECHNICAL INSTITUTE

I am here today on behalf of the students attending Minnesota Area Vocational-Technical Institutes, to express our concern that student financial aids have not kept pace with the rising costs of vocational-technical education.

Since FY80 the percentage of tuition and fees covered by federal funding has steadily decreased. In FY80 the total amount of tuition and fees collected from students attending AVTI's was $1,466,073, or 108% of the costs of tuition and fees. Three years later, in FY83 the tuition and fees collected from students totaled $2,910,793; while the total federal funds received by students was $1,781,064, or 61% of the cost of tuition and fees.

I would like to use my own AVTI at Rochester to further illustrate this point. In FY80 tuition and fees collected was $339,000: of which 66% was covered by federal awards to students. In FY83 the percentage covered by federal funds dropped to 44%. As you will note, there has been a net decrease in the amount of federal aid received by our students.

In FY85 maximum combination of Pell and state grants that a student will be able to receive at an AVTI will be $1,874. This is a 5% increase over FY84. However, tuition alone for these students will increase by 26% (from $4.40 per day to $5.60 per day).

In FY 83, again using statistical data from our own institute, 59% of all students who applied for financial aid reported a family income of less than $12,000. It is of deep concern to us that if these students are not able to get increased federal grant monies that they will be faced with a heavy loan debt upon graduation, or worse yet, will become discouraged and not complete their education.

We therefore strongly agree with Representative Simon that Pell grants need to be increased to keep up with the rising costs of education, and that there should be less emphasis placed on loans for the lower income student.

We are also concerned about the guaranteed student loan program and its effect on the independent student. While we understand Representative Simon's desire to enhance the integrity of the student loan program, by requiring all students to undergo a needs test to determine eligibility, we are concerned about the impact this could have on the independent student.

Under Uniform Methodology—method by which financial need is determined—independent students are expected to contribute almost all of their income towards the cost of their education. This means that independent students do not have the same access to financial aids that dependent students have. Often times, a guaranteed student loan is the only type of aid these students are able to receive, and in many cases, has meant the difference between an independent student being able to pursue an education or not. Using FY83 data from my own institution, 87% of the independent students had an expected family income for the year of less than $12,000. Most of those students did not qualify for grants.

If we were to use the same need-based concept that we are presently using on other types of financial aids, the independent student would be unable to receive any type of aid. For example, independent students with an income of less than $12,000, under the Uniform Methodology Concept, would be expected to contribute approximately $9,000 toward their education, which, in most cases, is just not possible for them to do. This means that they would not be eligible for a loan. Without that loan, we do not see how they could meet their educational costs.

We are concerned about the 5% origination fee for student loans. We feel that the fee makes less money available to the student and therefore are in favor of the proposal to eliminate it.

We are concerned about the complexity of the regulatory and awarding process. In order to serve the best interests of students, we feel that it is essential that the regulatory and awarding process be simplified to relieve the burden placed on financial aid administrators. By so doing, it will enable administrators to get awards out to students in a timely fashion.

Lastly, we are in favor of a block grant program which would give the financial aid administrators greater flexibility and control in meeting students' individual and unique needs. Decisions could then be made at the campus level thereby saving students weeks of valuable time which would otherwise be spent awaiting award decisions.

In summary, we would ask your consideration of the following as you study and formulate recommendations for legislative action.

(1) Federal grants have not kept pace with rising educational costs and urge that Pell grant monies be increased to close the gap.

(2) Loan consolidation and a flexible repayment plan are sound concepts and should be adopted.

(3) The use of a needs test for independent students should be carefully studied so as to make sure that truly needy students are not denied access to the guaranteed student loan program.

(4) The regulatory and awarding process should be simplified to insure that awards are made to students in a timely fashion.

(5) The block grant program as proposed by Representative Simon should be adopted.

On behalf of the Minnesota AVTI's, we thank you for allowing us the opportunity to provide you with this testimony.

Mr. PENNY. One of the concerns that was expressed both by Brother Clifford and now by you, Dr. Harwood, has to do with the process under which we make the awards and both of you expressed concern about the need to make it more systematic and eliminate some of the complexity and the regulatory burden.

Do either of you want to share with me some suggestions as to—more specific suggestions as to how we can deal with that, or if you want to refer to your financial aids directors to answer that question, that's fine as well.

ERIC

STATEMENT OF BRO. PAUL GRASS, VICE PRESIDENT FOR ADMINISTRATION, ST. MARY'S COLLEGE, ACCOMPANIED BY CHRIS HEITING, DIRECTOR OF FINANCIAL AID, ST. MARY'S COLLEGE

Brother GRASS. I'm Bro. Paul Grass, vice president for administration, St. Mary's College, and Chris Heiting is director of financial aid at St. Mary's College.

The comment about improvement of the system, one suggestion in Brother Peter's testimony was to make the Pell Grant Program campus based, as are the present NDSL, SEOG, and work-study, and to streamline the timing of the awards and the packaging of the awards, of course, if Pell and SEOG continue to be separate grant programs.

A second point was the question of the master calendar which is already in the authorization bill and holding to it—publishing it is one thing but holding to it is another.

A third is the question of accountability. If there is a mandatory validation process that is in the hands of the campus administrators—that is, the clout is there for the campus administrators to validate the family financial information presumably through the use of the prior year's Federal income tax report, which is a common practice in a number of programs, if that validation is consolidated in the campus administrator's office and extends to all the programs, that includes the consistency and the reliability of the program and it also gives the campus director of financial aid a very sure ground for dealing with all of the questions that arise about eligibility and complaints and the fairness issue and all of that.

There might be a couple of other points that——

Ms. HEITING. Was your question concerning the way the programs are funded, the formulas that are currently in place to determine the amount of awards the schools receive? That would be a very complicated issue.

I agree with Brother Paul's comments. If the office of financial aid people taking responsibility for doing the validation would allow us to use the Pell Grant Program as a campus-based program, I believe that could reduce the cost of the program so that we in turn would be able to spend more money in the program, so I strongly agree with that particular point.

I think consistency needs to be applied to all programs to all types of institutions. That may help assure that as well. That would be one other point I would like to make.

Mr. PENNY. Dr. Harwood, do you want to have your financial aid director speak?

STATEMENT OF DALE HOGAN, COORDINATOR FOR STUDENT PERSONNEL SERVICES, ROCHESTER AREA VOCATIONAL TECHNICAL INSTITUTE

Mr. HOGAN. Yes; I'm Dale Hogan, the coordinator for student personnel services and I think much of what we would have to say has already been said.

I would like to point out, however, that the timeliness of getting money to the institutions has indeed been a problem and the fact that it seems like we're constantly faced with this, that we're won-

dering are we going to have enough money at this particular time to make the Pell grants that are supposed to be out on a specific date and also as far as students are concerned I think it has some definite bearing on them. I think those kinds of pressures do not need to be brought on the students.

The other thing, at the hearing this afternoon we will have people that represent specifically the offices of financial aids and those people deal with students on a daily basis and I feel that they would have much more to say about this than I would.

Mr. PENNY. Brother Paul.

Brother GRASS. One comment about the block grant approach which seems to be an idea for streamlining administration. If it's used for that purpose and gives the campus administrators the ability to shift funds in some appropriate percentage or proportion among loan work and grant, that's fine.

If it becomes an avenue by which either in the legislative authorization or in the appropriations process the amounts now designated for individual programs are shrunk into one block grant program, then that has the opposite effect, because what you have as the advantage of separate funding of certain programs might be lost if the block grant results in a shrinking of the total appropriation.

Mr. PENNY. Your argument is more campus control over the distribution of the funds and not elimination of the individual financial aid programs.

Brother GRASS. Right.

Mr. PENNY. In that respect, your suggestion—and I think Brother Clifford referred to that in his testimony as well—is that programs were designed with specific purposes in mind and that you have a need to meet and the block grant approach doesn't allow us to respond to those needs as well as keeping the mission of the individual programs intact.

I also want to find out a bit about your experience with what we have called for lack of a better term nontraditional students.

There's a big change going on on our campuses the last several years. We're finding more adults coming back to pick up additional courses or a higher degree. Rather than moving through on a 4-year track and then directly on into graduate work, if that's their plan, many people are first of all taking more than 4 years to complete their education and then waiting a period of time before they do come back. Others, either because they raise a family or have other job obligations, decide not to even begin pursuing academic training or vocational training until they're in their late twenties or thirties and it's changing the makeup of our student population at every institution.

Some of the comments that you've already made dealt with the uniqueness of trying to meet the financial aid needs of those nontraditional students.

Here again I'm asking for more specificity, if you would, as to how you believe we might be able to respond, which particular financial aid programs are best designed to meet those needs or what new approach should be taken.

Mr. HOGAN. Congressman Penny, I would say as far as AVTI students are concerned that we are definitely seeing more students

that are of an older age. Each year the average age of students attending AVTI's in Minnesota has been constantly going up, and many of those people I think that we see are coming back into the labor force after having been out for some time. They are people who have been displaced as a result of either economy shutdowns or because of industries that have moved, or they have skills which do not help them to be well employed for today's market, and they're the ones that are coming back to us.

Just yesterday I talked with a man who is 43 years of age that is now coming back for new skills. These people are very difficult to fund.

We look at large debts as far as loans are concerned. I think you can realize that a person that age is just not going to be able to get into a Federal loan program and be able to pay it off in the years ahead.

I think that the grant area is the biggest area for that particular type of person.

I think the other thing that we see are many women coming back into the labor force. I think it is well known that divorce rates in this country are up, and as a result many females have to try to support a family, try to learn some new skills, update the skills that they may have, and try to get off—if I may use the term—AFDC. There are many people that I've talked to that do not want to be on that and yet they are forced to, and if we cannot in some way find funds with which to meet their needs, these people are going to continue to be on AFDC and welfare and that to me is a total waste of humanity. It's degradation to human beings.

Dr. STARK. Congressman Penny, you asked the question of the nontraditional student. It has certainly been our experience at Winona State University that ever-increasing numbers of our population, both on campus and in our regional outreach are older people. They are people for the reasons that you, Congressman Penny, articulated and the other testimony provided. They are older people who for one reason or another did not choose or could not go on to post secondary education and now feel that in this information age that we're living in where the coin of the realm or the key to opportunity is to know something and to have some kind of specialized training is to go back to school, and more and more of those people are doing that.

We had a 75-percent increase in our off-campus course production and most of those people are people like the people we were describing.

In terms of what kind of support program is best for them, I'd like to dazzle you with my understanding of that but I can't. I'd like Mr. Bob Leitzau, who is our director of financial aids, to make some comments regarding funding of the older population.

STATEMENT OF BOB LEITZAU, DIRECTOR OF FINANCIAL AIDS, WINONA STATE UNIVERSITY

Mr. LEITZAU. Thank you. I would agree with many of the comments that Dale has made. As you know, now the Pell grant, SEOG, and DSO programs and work-study do allow for funding

half-time students. What that means is that student has to at our institution take six credits or more.

There are no programs to date, however, that will help fund the student who takes less than six credits or less than a half-time course load.

I think these are really the students that we're looking at. I'm not so sure that perhaps we're not talking a different program or different programs, if we're going to get at the business of funding these many cases of older students, students who take one or two classes per quarter. Many times they are evening students. Many times they are Saturday-type students.

The State of Minnesota does have a part-time grant program which some of these students can be funded, but right now, as I mentioned, the Federal programs limit funding only to half-time or better.

I think it has to be addressed because we are seeing more and more of this, not only at our institution but at the vocational technical institutes and at your private colleges as well.

Thank you.

Brother CLIFFORD. Bro. Peter Clifford from St. Mary's College.

Our definition of the nontraditional student might be somewhat different from Congressman Penny's. We are a residential college by definition and most of our students live on campus. However, we do run a graduate program off campus. It currently enrolls almost 400 students and under any definition it would be nontraditional.

It is a service to people who in this day and age find themselves with a need for credentialing that they were not able to get as undergraduate students, such as nurse anesthetists, some of the counseling people, or people who found themselves bypassed by the technical age to which we have come and who find that they must have a new kind of education if they are to move ahead.

We have programs like our human services and health management which is a completely computerized one.

The problem for those students is somewhat similar to the nontraditional student described for the undergraduate level in the sense that these are people who are out in the working world, many of them with families, and they are putting on themselves an added burden in an institution like St. Mary's of close to or between $5,000 and $7,000 for this upgrading of their education.

The word that we keep getting back from them is that this is something that they have to do but the burden is getting insupportable.

Perhaps Brother Paul would have more to add to that.

Mr. GUNDERSON. First of all, I was intrigued by the suggestion that Pell grants ought to be campus-based. Do you suggest each campus would have the right to make their own eligibility requirements, or are you simply saying that under a uniform set of standards they would simply be administered at each campus?

Brother GRASS. Congressman, my remarks were based on the assumption that it would be a need base component using the uniform methodology.

Mr. GUNDERSON. Second, one of the things I appreciated from Brother Clifford's remarks was the discussion of scholarships.

One of the great difficulties we have in determining financial need is it's almost impossible for us to get any idea of what is available in terms of endowments and scholarships that are handed out to meet part of that need. Yet looking at your testimony I was unable to determine exactly what percent scholarships are of the total package of student financial assistance at your college, including guaranteed student loans and everything else.

Can you give us an idea and do you think they are typical or atypical?

Brother PAUL. I'll give some of the technical information. When we say scholarships and grants, we are really talking about a need-based program. Of the amount of scholarships and grants funded directly by St. Mary's—and most of this, incidentally, not from endowment but from current operations—of approximately a million dollars in St. Mary's funds, less than 40,000 would be nonneed based so, first of all, these are need-based funds that are administered as a package using the same uniform methodology in packaging the institutional scholarships and grants along with Pell and SEOG and the State grants.

It's typical for a college to have a policy on the packaging of student aid. It might be that 50 or 60 percent of the student's need would be met in the form of gift aid; that is, a grant or a scholarship, and that would be governmental and institutional funds.

The other 40 percent or 30 percent would be self-help, which is a combination of the loan, again most of that Federal or State guaranteed, and work studies.

Every institution has a packaging policy that's based on some combination of those components. In our case, it might be that an institution will give a higher proportion of gift aid; that is, grants or scholarships, to students who have a higher academic record coming in from high school or the prior year in school, so that in the case of St. Mary's, for example, a student might receive 70 percent of the need in the form of scholarships and grants and 30 percent in the form of a loan and work.

The question of need base versus merit base scholarship is coming to the fore again among many colleges and universities because of in some cases the competition for high quality students and in other cases as a substitute for declining pool of funding for our own scholarship and grant programs.

Mr. GUNDERSON. The discussions on nontraditional students in testimony we've had earlier in Washington indicated that one of the problems we have with the nontraditional students is that present Pell grant eligibility is only to the completion of the baccalaureate degree. If you are continuing either graduate or undergraduate work after you've received a baccalaureate degree you're ineligible for a Pell grant.

At a time of limited funds, should that or should that not be changed?

Mr. LEITZAU. We don't really have a large graduate program at Winona State University, but my own feeling would be that in a time of limited resources as you've mentioned that I think the target should be first-degree students or students who have not yet received their bachelors degrees.

ERIC

This, however, I think could change down the future as we see students receiving degrees in certain areas and having to go back to school to retrain for a different job, so to speak.

We have some of those types now. I think you are going to see more in the future. However, at the present time my thinking would be that the funds should be targeted to the first degree students.

Brother PAUL. Congressman Gunderson, I think there have been some ideas brought forth whereby the older students, and you're talking about someone who has a bachelors degree which presumably gives a person a greater earning power or lifetime earning power, investing in the person in some way, perhaps through grants because that's the immediate need, immediate cash, investing in the person who will then have an even higher economic potential as well as therefore taxpaying potential and tying that in somehow in relation to tax law or, similarly, a person might invest in a business the Government in effect invests in a citizen and there are certain ways of projecting out a return on that investment in terms of additional tax revenue or even a method of repayment, lifetime repayment, of an initial grant through some use of the earnings, the taxable earnings that might be very complicated to administer, but that's really what the country is doing—investing in lifelong potential and productivity of people at a time when the education is needed but their own economic ability to pay for it is very limited.

Mr. GUNDERSON. I have one last question and, if you don't have the answer at hand, just drop us a note unless it's a lot of time to put this together, but I'm hoping that you might have this already calculated.

Do you have an average debt load for graduates? Do you have a statistic of the average debt load for graduates from each of your institutions?

If you do, I would like it, if you've got it, but if not here, send it. If you don't have it at all, and it takes a lot of work don't worry about it. I just wanted a feel for the three different types of institutions represented on this panel as to what the debt load is when those students leave college.

Ms. HEITING. For our graduate students in a normal 2-year program, my best estimate is that 75 percent of them borrow the maximum possible through the guaranteed student loan, which will be $5,000 per year.

Our undergraduate students, using a combination of the guaranteed student loan and national direct student loan programs are currently running at around $6,500 average loan debt in a 4-year period.

Mr. LEITZAU. At Winona State, I don't have that information with me, Congressman, but I can certainly get it and will be happy to send it to you, both through our national direct loan program and through our guaranteed loan program.

We are a relatively low-cost institution compared to some of your independent schools, so our loan debt wouldn't be quite as high but I'll be happy to send that to you.

Mr. PENNY. Thank you, Bob.

ERIC

Dr. HARWOOD. The same with our situation. We'll send you that data.

Mr. PENNY. Thank you, and we will see to it that that information is incorporated into the committee record.

I want to thank all of you for your presentations this morning. It has been very helpful to us.

As I mentioned at the outset, we have a variety of institutions in this part of Minnesota and I have often said that if somehow the committee can develop a higher education reauthorization bill based on the testimony from the various schools in this district and the bill satisfies the various schools in this district that it would probably be right for the entire Nation.

What we have tried to do is put together a good mix of testimony throughout the program today so that each of those institutions was well represented and we wanted to start it off with spokespersons for the private colleges and public colleges and another for the AVTI systems, and though we don't have someone from each and every institution in the district represented on the panel throughout today's program, it is simply because there wasn't enough time to fit them all on and we tried in the instances where we couldn't get someone from each institution to at least have someone who could speak for that type of institution. With that testimony, I think we're going to have some very broad-based advice to take back with us.

You are right, Dr. Clifford, that things are on a fast track, at least in the House, on this higher education authorization bill, but I think, at least my expectation is, that this is a situation of hurry up and wait and for that reason we wanted to make sure that we got the testimony from as many institutions as possible so we could take that into account as we revise the bill that's before us now.

We may move on a faster track in the House in terms of passing it in our subcommittee and in the full committee but I don't think we will see final action on the bill until probably next year so there will be other opportunities for us to get additional advice and to make refinements in the bill as months go by.

Thank you again for participating in this morning's program.

The next witness will be Dr. Richard Hawk, chairman of the Higher Education Assistance Foundation, and I also want to call forward Archie Chelseth, the chairman of the board of directors of the Minnesota Higher Education Coordinating Board.

Thank you both for being with us this morning. Dr. Hawk, if you can start things off and then, Archie, if you'll follow him immediately with your testimony.

Again, as I mentioned to the previous panelists, all of your testimony, all of your written testimony and the other documents that you want to submit for the record will be made a part of the record, so you can proceed as you wish with your oral statement.

STATEMENT OF DR. RICHARD C. HAWK, HIGHER EDUCATION ASSISTANCE FOUNDATION

Dr. HAWK. Thank you very much.

During the 11 years in which I had some responsibility for post secondary education policy in Minnesota, I had the opportunity of

working with a great many student leaders, and I must say that the work with Tim Penny as a student leader was one of the most enjoyable and constructive of all of those experiences and it has been a great source of gratification to me to see Congressman Penny emerge as a very able U.S. Congressman, and I'm sure there has to be a great many people in this district who feel the same kind of pride that I do in seeing Congressman Penny's contributions and we are appreciative of your being here to conduct this hearing today.

I should also say that we are appreciative of Congressman Gunderson's continuing and persistent interest in post secondary education as is exhibited by his willingness to come to Minnesota today for this hearing.

The Subcommittee on Post Secondary Education is very capably staffed and it's nice to have the opportunity to see that members of this good staff look just as good outside of Washington as they do in Washington, and it is a pleasure for us to have them here as well.

Mr. Simon obviously is to be commended for his leadership in developing H.R. 5240. I'm sure that before reauthorization legislation is passed there will be considerable refinement of that piece of legislation but his important leadership in placing something before the Congress and something before the Education Committee which will provide the germ for reauthorization for these very important programs is indeed to be commended and we are pleased that the Educational Subcommittee is addressing attention to this early enough so that it can receive constructive and deliberate attention.

My testimony is presented on behalf of the HEMAR group of organizations. I have not studied H.R. 5240 as thoroughly as I normally like to study legislation before presenting testimony but I've reviewed it carefully enough to feel that it makes important contributions and I wish to offer some additional suggestions, some of which may be entirely consistent and some of which may not be quite consistent with the bill.

As Mr. Gunderson suggested in his opening remarks, the environment and the context for passage of reauthorization legislation has changed considerably. We live in a different environment now than we lived even 5 or 10 years ago, and as a result of that changing context my testimony does begin by addressing some of the factors in that context which we think are important to take into account.

I'm not going to read that testimony to you, but I will sort of comment on that testimony as I look through it.

One of the things which we think is terribly important in terms of the context is appropriate recognition of all of the objectives which ought to be served by a program like the Guaranteed Student Loan Program.

So often as we think about student financial aid we tend to focus attention, quite appropriately but sometimes unduly at the expense of other objectives, on the objective of simply providing funds for those people who without those numbers of dollars would not have sufficient funds to pay the cost of post secondary education, when in reality we ought to also be thinking about the liquidity problem

which families experience. Even though they theoretically according to a needs analysis may have sufficient funding, they may have liquidity problems which causes them to need the opportunity to pay costs over an extended period of time.

We also ought to be very sensitive to the objective of providing opportunity for post secondary education students, many of whom, after all, are adults, to assume independent responsibility for their own expenses and not to continue to be a drain on the family's resources.

Last, but not least, and perhaps most important we think the committee needs to be terribly sensitive to the objective of utilizing this kind of assistance to facilitate the development of the human resources which this Nation so desperately needs if we are going to continue to experience the kind of social and economic progress which this Nation is accustomed to and which the citizens of this Nation deserve.

That development of human resources, the need for development of human resources, the nature of those human resources has changed dramatically in recent years as we have moved from a goods producing kind of society to an information, advanced technological society, and we hope that the committee and the Congress would appropriately see as one of the objectives not just making it possible for people to pursue post secondary education but actually stimulating post secondary education in order to achieve a public policy purpose of developing human resources which are so badly needed for continuing social and economic progress of this Nation.

In view of the demands of this context, I am offering some five suggestions and in the discussion of the context I also point out the need for simplification in view of the complexity which has grown into the Guaranteed Student Loan Program. All of that complexity is a result of very well intentioned changes but nonetheless that complexity exists and must be dealt with and, whenever possible, we urge that the committee think in terms of simplification at best, and at least not to add to the complexity, if possible.

I also remind you, and I point out I need not remind you, of the budgetary pressures facing the Congress and suggest that all of us have to think very seriously about ways in which we can expand opportunity to these kinds of programs without adding significant additional demands on the congressional budget.

It is in the terms of this kind of context that we offer some five suggestions for improvements. The first of these concerns the establishment and availability of what we refer to as supplemental nonsubsidized loans.

I've spoken with this committee before in the past about the need for making loans available on an unsubsidized basis in order to meet the full range of objectives which the Guaranteed Student Loan Program should serve, and I'm reiterating that because of a persistent belief that that is indeed necessary.

If the Congress were to provide eligibility for loans on which the Federal Government did not pay the interest while the student is in school, we then would have a subsidized loan—a nonsubsidized loan program alongside of the existing subsidized loan program and Congress could provide for a little higher interest rate on nonsubsidized loans and we get into the situation of expanding this kind of

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a system for post secondary education students with almost no cost or very little cost to the Federal Government.

Almost incidentally or coincidentally with this kind of suggestion, we would also like to suggest for your consideration that the situation would be improved if the Congress could bring itself to experience a slight change in the conception of the way in which one deals with need in terms of a loan program.

Our basic position should be that every student ought to have the opportunity to borrow funds up to the cost of attending the institution minus any student financial aid. If there is to be a needs analysis or a form of expected family contributions calculation in order to determine eligibility, that ought to be to determine eligibility for subsidized loans rather than nonsubsidized loans, and in looking at the amount of eligibility one ought to take into account the amount of the Federal subsidy which is being provided rather than the amount which the student is eligible to borrow.

A loan, after all, is not a grant, and the benefit to the student is not in the funds which the student will have to repay and for which the student stands the cost, so the subsidy benefit to the student is in the form of the additional contribution which the Federal Government makes in order to reduce the cost for the student.

By way of example, if a student demonstrates need for $300, we would submit that the eligibility ought to be not to borrow $300 but to borrow up to the amount which would carry a $300 interest subsidy on an annual basis from the Federal Government.

I'm not sure I said this right because I'm attempting to hurry, but the amount of demonstrated need ought to relate to the subsidy which is eligible to the individual rather than to the amount that the individual can borrow.

Our second suggestion concerns loan consolidation and repayment extension. Mr. Simon and his colleagues have dealt with that concept in H.R. 5240.

In view of the budgetary constraints on the Congress we have some concern and we ought to look at meeting this pressing need, and we think it is a pressing need, through some kind of an arrangement which permits the borrower who benefits from the extension of payments to share in some of that cost.

I think this can be done in such a manner which is not burdensome to the borrower and achieve the objectives and create the kind of political feasibility which is necessary for this program to be passed. The House has been concerned with loan consolidation in a very constructive way now for some time and it continues to be frustrating and it seems to me we have to get to something which has the kind of political feasibility which is necessary.

What we would suggest is something like the kind of arrangement which has been suggested by the National Council of Higher Education Loan Programs, and that is simply an arrangement under which those students who seek to have their period of loan repayment extended are given the responsibility of bearing the costs of an increased interest rate some years out in the repayment program.

As a result of that, the Federal Government would not be faced with the same kind of costs for the special allowance payment during the extended repayment of the loan, the student would have

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the benefit of lower payments in the early years when the student is having difficulty meeting those payments, the student would have a longer period of time in which to repay the loan and it would be without any real cost to the Federal Government and when the interest rate on the loan was increased in later years the student in most cases at that point in time would have the additional capacity to meet the higher payments, so you accomplish it with something like a graduated repayment situation which eases the amount of repayment in earlier years, provides for higher repayment in the later years, reduces the burden on the Federal Government with respect to the administration.

A third suggestion relates to the subsidization of guaranty agencies. I obviously represent a guaranty agency. Nonetheless, I am, as I have been in the past, willing to suggest once again to this committee that the subsidy for guaranty agencies need not be quite as extensive and on the same basis as it presently is.

The bill before you as presently drafted eliminates the 5 percent origination fee. I think this is a commendable objective. I think the provision suffers a little bit from political feasibiliy in view of the budget constraints and the cost associated with eliminating the origination fee.

I would suggest that as an alternative you ought to give serious consideration to changing the arrangement. The Federal Government presently collects 5 percent from a student through the lender as an origination fee. Then it turns around and pays 1 percent of that to the guaranty agency as administrative cost allowance. Then it turns around and uses up most of what otherwise is collected in terms of payments for defaults through the more favorable than necessary, in my judgment, reinsurance provision.

I would suggest that in lieu of that you look for an arrangement under which you cause the guaranty agency to collect that 5 percent or perhaps a lesser amount. The Federal Government could then eliminate the administrative cost allowance payments to the guaranty agency. The Federal Government also could cause a significant portion of the cost of defaults to be shifted from the Federal Government to the guaranty agency.

You could do this in one of two ways. You could either reverse the trigger mechanism so that it is the guaranty agency rather than the Federal Government which always pays the first 5 percent of defaults and bears the major costs, or you can accomplish it by reverting to some kind of a system where the guaranty agency always is required to bear some portion of every default, such as 10 percent or 20 percent or whatever percent is selected.

Now by adopting this kind of proposal, you would eliminate the kind of economic inefficiency which occurs when the Federal Government on one hand collects funds, goes through the expense of processing those funds, and then on the other hand makes payments to other people in the form of subsidies.

So the suggestion is that the origination fee be converted to an increased guaranty fee or insurance premium, that in return for that the Federal Government eliminates the administrative cost allowance payments to guaranty agencies and also place upon those guaranty agencies greater financial responsibility for the cost of defaults through either of those two procedures which I've suggested

and I think you could do both of those things and still reduce the 5 percent to perhaps 4 percent.

Our next suggestion deals with the last resort lending secondary market programs, and I think the authors of the bill are to be commended for devoting attention to this particular problem.

I have a little difficulty in deciding if the way in which they have devoted attention to it is the most constructive in terms of the real needs as they have emerged recently.

From my perspective, there are two things which ought to be done with respect to last resort lending secondary market programs.

The first is we ought to make very sure that the Congress does not take an action which would authorize States to preclude lenders who wish to serve in a secondary market role from operating in States and hence denying access to loans for residents of the State.

After all, the guaranteed student loan program is a national effort and most of the funding for the program comes from the Federal Government and I think the Congress has a genuine responsibility to see to it that there is opportunity for equal access to loans throughout the country, so I think Congress ought to be very careful about taking any kind of action which would authorize States to prohibit lenders who have funds available and want to award those funds to students in the form of loans to be very careful about authorizing States to prohibit lenders from doing that in order to meet the needs of the students.

The second thing, which is tremendously important, is that we do something about the overregulation by the Department of Education which is based on a very simple amendment, offered I think by Congressman Ford, as I recall, during the last session and we supported that amendment. That was an amendment which requires every revenue bond issuing organization for student loans to include in its plan for doing business a provision to assure that there is some kind of method for determining how much funds are needed and not issuing more tax-exempt revenue bonds than are necessary to meet that need.

We agree with the Congress. We applaud the efforts to cause there not to be more tax-exempt revenue bonds issued than are necessary.

We do not, however, agree with the interpretation of the Department of Education which suggests that the implementation of this very simple amendment should be through a very costly, complex, and burdensome procedure through which the Department of Education proposes to make a judgment on each individual revenue bond issue and, furthermore, under which the Department of Education has proposed to effectively stop the issuance of tax-exempt revenue bonds to finance student loans, causing instead student loan issuing organizations to do taxable financing.

We don't really have any objection to taxable financing, but we're not very happy about a situation in which taxable financing comes about is as the Department has suggested that you issue tax-exempt bonds then fail to comply with the Treasury policy on tax-exempt bonds and the penalty for failure to comply is that your bonds become taxable and therefore you have accomplished taxable financing through a tax-exempt mechanism.

We would must prefer if the Congress wants to see taxable financing for the Congress to authorize taxable financing by these statewide student loan organizations for this purpose.

Now the real question, of course, is the extent to which and conditions under which tax-exempt financing ought to be made available to secure the funds necessary to meet the needs of student loans.

It seems to me there ought to be no question about the public purpose of student loans and from that stand-point tax-exempt bonds are an appropriate mechanism for financing.

On the other hand we do believe that tax-exempt financing ought to be used to any greater extent than is absolutely necessary to meet need, so we would suggest that you might want to consider some kind of joint kind funding or compromise position which probably wouldn't fully satisfy anyone but certainly would be more effective than the present situation.

That kind of an arrangement would be one in which you authorize the issuance of tax-exempt bonds for some portion of the need based on an appropriate kind of formula and then authorize those issuing agencies to borrow additional funds on a taxable basis if they need additional funds in order to meet the total needs of the State.

This would provide an appropriate level of Federal subsidy through the tax-exempt bond route and would permit additional funding as necessary through the use of taxable financing.

So those are the two pressing needs which we see with respect to that.

Our final suggestion relates simply to the issue of loan defaults and the incentives which surround that. This is a very simple concept which I think you have heard before.

Under the Guaranteed Student Loan Program policies as presently constructed, the interest rate to a student is the same after the student defaults as before the student defaults on a loan, and in some cases the effect of this really is to provide an incentive for the student to default on this loan and take advantage of a subsidized interest rate for a longer period of time.

The solution to the problem, of course, is simply to authorize a substantially higher rate of interest on a guaranteed student loan which goes into default after that default occurs and the incentive then, of course, would be for the student to repay the loan rather than letting those—repay the loan in a timely manner rather than letting it go into default and then repaying it after the loan is in default.

These are some rather basic suggestions which we offer for your consideration. We may later wish to submit some more detailed kind of things to the committee staff and we look forward to working with Mr. Blakey on that. If we can do anything else to assist you, we certainly want to do so.

Thank you.

Mr. Penny. Thank you, Mr. Hawk, for your testimony.

[Prepared statement of Dr. Richard C. Hawk follows:]

Prepared Statement of Richard C. Hawk, Chairman of the Board, Higher Education Assistance Foundation

The authors of H.R. 5240 are to be commended for having presented constructive legislation to assure continuing availability of student loans and to improve the benefits to students. This is indeed an important contribution.

Similarly, the Subcommittee on Postsecondary Education is to be commended for early attention to reauthorization of the Guaranteed Student Loan Program as well as the other important programs which are authorized in the Higher Education Act of 1965, as amended. Efforts of the Committee to obtain reactions to the Bill and suggestions for reauthorization through hearings such as this one are an important ingredient in the total process of enacting sound and constructive legislation.

Recognizing that any proposed Reauthorization Bill is likely to be refined during the legislative process, the purpose of this testimony shall not be to address the variety of technical changes which will be desirable as part of the refinement process, but to focus on some of the larger issues and needs which we submit for additional consideration both by the authors of H.R. 5240 and by the Subcommittee.

PUBLIC POLICY OBJECTIVES

By way of context, let me suggest the Guaranteed Student Loan Program serves at least four critical objectives:

(1) To provide access to postsecondary education by providing funds which otherwise would not be available to the prospective student even with financial assistance from the student's family to meet postsecondary education costs.

(2) To make financial access to postsecondary education realistic by solving the cash flow or liquidity problems which students and their families experience in meeting postsecondary education costs even when the students or their families have the capacity to meet costs, provided that payments can be made in installments over a reasonable period of time.

(3) To permit the student, or prospective student, to assume independent responsibility for his or her own postsecondary education expenses without having to be a financial drain on resources of the student's family, and without having to be relieved of the cost through grant assistance from public or other funds.

(4) To facilitate development of the nation's human resources by stimulating qualified individuals to pursue additional training and education which will prepare them to be more productive citizens and to make greater contributions to the continuing economic and social progress of the nation.

Unfortunately, the mindset from which all of us most often approach formulation of policy for student loans tends not to give adequate emphasis to the importance of objectives two through four. Too often we remember only objective number one, which probably, at one time, was by itself an adequate basis for policy on student loans.

As the nature of our society has changed, objectives two, three, and four relate to increasingly critical needs. The contribution to development of human resources by stimulating additional training and education has grown in importance so rapidly that this either already is the most important of the objectives, or will be very soon. The reason for the dramatic change in the relative importance of the four objectives relates in large part to the transformation of our socioeconomic environment from primarily an industrial based, goods-producing environment to an advanced technological and knowledge based, information producing environment.

The implications of this change for future human resource needs to achieve continuing economic and social progress are profound. As a result, public policy objectives for student loans can no longer appropriately relate solely to postsecondary attendance by individuals who, without a loan, would not have adequate funds for additional education. Our present economic and societal needs will be met effectively only to the extent that student loans are available broadly enough and on sufficiently favorable terms that they serve as a positive influence for students to pursue postsecondary education even though they might have been able to pursue additional education without the loan. This means that those students whose families could meet postsecondary costs for the student, but who feel that they should no longer be dependent on family resources, must be able to borrow in adequate amounts for them to elect additional education in lieu of some other activity. This also means that repayment terms and other conditions of the loan must be such that the prospective student views availability of the loan to be of such benefit that postsecondary education becomes an attractive and, hopefully, the most attractive course of action for the individual.

COMPLEXITY AND SIMPLIFICATION

The basic concept of the Guaranteed Student Loan Program is well suited to all four critical objectives. It also is remarkably simple. That basic concept is that the federal government will stimulate availability of reasonably priced student loans by facilitating and assisting the private sector and the states to meet students' needs for loans effectively. In the first instance, the stimulation involves reinsurance for state and private loan guarantors, which reinsurance should eliminate the potential risk of an unmanageable default situation during a period of economic crisis. The federal reinsurance also serves to reduce the cost to the student of loan insurance without which most students would have neither adequate collateral or credit history to justify the making of loans in adequate amounts to meet their needs. In the second instance, the federal government provides an interest subsidy to the lender in order to make loans affordable to students.

To those not intimately familiar with either the legislative history of the Guaranteed Student Loan Program or the natural tendency for programs based on simple concepts to become complex, the volume of legislative prescription and regulations governing the Guaranteed Student Loan Program is a source of near bewilderment. The complexity which has grown into both law and regulation is the result of multiple changes, all of which have been well-intentioned and have been motivated by the combination of efforts to expand the benefits of the program, to reduce expenditures for the program, to assure that students are not provided with more benefits than desirable, and to provide sufficient control of those involved in the delivery of the benefit to students. In spite of the good intentions and pressures which have stimulated additions to legislative and regulatory provisions, the reality is that the GSLP has grown in complexity to such an extent that any reauthorization effort should, at the very least, attempt to avoid imposing additional complexity and at best, should achieve some simplicity.

BUDGET AND POLITICAL FEASIBILITY

You hardly need be reminded of a third factor which should be recognized in any responsible reauthorization effort. That factor, of course, is the federal budget situation and the political realities which are the result of increasing scrutiny by the Congress of the cost implications of policy changes. Political feasibility in the light of the current budget situation cannot be ignored.

REAUTHORIZATION CONTEXT

In summary, the context in which reauthorization of the GSLP must take place demands attention to functions and objectives sometimes previously ignored, to desirability of simplification, and to the need for innovations aimed at enhancing benefits political feasibility. In order to be truly effective, congressional actions reauthorizing the GSLP must make a positive contribution not only to funding for students whose families lack financial capability, but also to facilitating availability of loan funds to solve liquidity problems, to permit students to assume individual responsibility for their own costs, and generally to stimulate postsecondary education attendance in order to meet future human resource developmental needs. To be truly effective, congressional action reauthorizing the GSLP also must avoid unnecessary program complexity. Finally, in order to be feasible, the reauthorization package must not add significantly to the total federal cost for the program.

SUGGESTIONS FOR IMPROVEMENT

The five suggestions which follow are intended to be responsive to the demands of the current context for reauthorization. These suggestions are concerned with supplemental nonsubsidized loans, loan consolidation and repayment extensions, federal subsidation of guaranty agencies, availability and financing of last resort lending—secondary market programs, and loan defaults.

Supplemental nonsubsidized loans

As previously conceived by the Congress, the GSLP was designed to meet the needs of all students with a differential federal subsidy according to the financial capacity of the student's family. At one time, the federal government paid interest only on loans to students who demonstrated "need" based on an analysis of family resources. Students who were not from families with demonstrated "need" were granted the opportunity to borrow up to the cost of attending the institution but without benefit of the federal interest subsidy.

More recently, the expected family contribution requirement has been used to determine borrowing eligibility. Although utilization of "Expected Family Contribution" permitted all loans to be fully subsidized, this procedure eliminated opportunity for students from families who did not demonstrate "need" to borrow on a less heavily subsidized basis.

In order to meet the nation's future needs with respect to development of human resources by stimulating postsecondary attendance, the Congress should provide for establishment of a supplemental program of nonsubsidized loans. In order to minimize cost of such a supplemental program the Congress may wish to provide for a higher rate of interest in addition to expecting the student to bear the cost of in-school interest on these loans.

In establishing nonsubsidized loans, the Congress should provide borrowing eligibility for any student up to the cost of attending the institution minus any aid awarded to the student. Those students whose families could pay for the student's expenses, according to some imposed criteria, would not have benefit of the federal interest subsidy and would pay a higher interest rate than those students who demonstrate "need." Loans to "non-need" students would involve little or no cost to the federal government.

In determining eligibility for a subsidized loan, only the amount of the subsidy, not the amount of the loan, should be considered. In other words, a student with demonstrated need of $300 should be eligible for a loan amount which carries a federal interest subsidy of $300 per year. The current policy of using a need calculation to determine the amount of loan eligibility rather than the amount of subsidy eligibility does not provide sufficient borrowing capacity to satisfy all of the legitimate objectives of the federal effort to facilitate loan availability.

Establishment of nonsubsidized loans and conceptualizing need to mean need for the subsidy amount, rather than the loan amount, would represent a major improvement. These actions will bring guaranteed student loans much closer to meeting the full range of public policy functions and objectives which the GSLP should serve.

We have advanced the concept of nonsubsidized loans in previous testimony before this Committee. Our persistence on this matter reflects continuing awareness of the need to achieve the full range of program objectives.

Loan consolidation and repayment extensions

The issue of loan consolidation has been before the Congress in some form or another for some time now, and the House of Representatives previously passed legislation to provide for continuation of opportunity for borrowers to consolidate loans. The need for a loan consolidation capability combined with opportunity for students with high levels of indebtedness to have an extended repayment period continues to be very real.

Although some technical refinements may be appropriate, the consolidation provisions in HR 5240 represent a step in the right direction. The greatest deficiency in these provisions as proposed is that they aid to the cost of the GSLP and could fail to pass the feasibility test or could draw funds away from other pressing needs such as increasing the limit on loan size or funding grant programs.

As an alternative, consideration should be given to an arrangement under which borrowers have the opportunity to elect longer repayment periods with at least a significant portion of the otherwise increasing cost to the federal government being borne by the student. Such an arrangement, which causes the interest rate to the student to increase over time with a corresponding reduction in special allowance payment cost to the federal government, has been suggested by the National Council of Higher Education Loan Programs. That concept with some possible refinement could provide the means for consolidating loans and extending the repayment period for borrowers with high indebtedness for up to 20 years with much of the cost of the extension being borne by the borrower rather than by the federal government.

Federal subsidization of guaranty agencies

A prime example of program complexity and of economic inefficency resulting from unnecessary complexity is to be found in the current arrangement for federal subsidization of student loan guaranty agencies. Under the current system, the federal government collects a five percent origination fee from the student through the lender. The federal government then pays up to one percent to the guaranty agency as an administrative cost allowance in recognition that the insurance premuium or guarantee fee collected by the agency may not be sufficient to provide for effective operation of the program. Under the existing reinsurance arrangement, the federal

government also bears most of the cost of student loan defaults through reinsurance payments to the guaranty agency.

A simpler arrangement, and one which would avoid the economic inefficiencies associated with federal collection and subsequent payment of funds, would be to have the origination fee, perhaps in a lesser amount than the current fee, be collected by the guaranty agency as part of an increased guarantee fee. Under this arrangement the federal government no longer would be required to pay a one percent administrative cost allowance to subsidize guaranty agencies. Moreover, sufficient dollars for default costs would become available to guaranty agencies to permit transfer of most of the cost of defaults from the federal government to the guaranty agency. This transfer of cost could be accomplished by reversing the existing trigger formula in order to cause the guaranty agency, rather than the federal government, to bear the first five percent of defaults or it could be accomplished by reverting to a system under which the guaranty agency stands the cost of a prescribed portion (10-20%) of the cost of every default.

The cost to the guaranty agency of losing the administrative cost allowance and bearing most of the cost of defaults would be such that, in converting the origination fee to an increase in the guarantee fee, the five percent could be reduced to four. As an alternative, the guarantee agency could be expected to pay a one percent premium to the federal government for reinsurance.

H.R. 5240, as has been drafted, simply eliminates the origination fee. This is a commendable objective but would cause a significant increase in cost of the GSLP without any offsetting savings. The increase in the total program cost probably is better used for raising loan limits and assuring adequate funding for grants.

In addition to increasing the economic efficiency of the program, the change which we would propose would enhance the incentive for guarantee agencies to prevent defaults. It also would reduce the temptation to seek a larger federal subsidy (administrative cost allowance) to meet operating expenses.

This is a controversial proposal, because the majority of guarantee agencies are not supportive. They prefer to retain the federal administrative cost allowance as well as the more favorable federal reinsurance arrangement. Nonetheless, we believe it to be worthy of your consideration.

Last resort lending—Secondary market programs

Although H.R. 5240 has a provision which is obviously intended to improve with the availability of loans through last resort lending programs, the proposed requirement that all states authorize a lending program with partial financing in the form of an advance from SLMA does not appear to be the most constructive action which could be devoted to improving loan availability through last resort lenders and also through secondary markets.

A more pressing need in this area is for the Congress simply to avoid any action which would authorize states to inhibit loan availability by prohibiting lenders who seek to meet last resort lending needs from operating in the state. In addition to the Student Loan Marketing Association and existing statewide last resort lending and secondary market programs, several major banks and savings and loan institutions, and several insurance companies are available to provide last resort lending and secondary marketing programs. Some states which have not as yet established a last resort lending or secondary market program, funded either with tax exempt revenue bonds or taxable financing, may wish to establish such programs and should not be discouraged from doing so. However, there is no need to force all states to establish such a program. In order to assure equal access throughout the nation, the Congress should not act to prohibit entities available to meet last resort lending and secondary market needs from serving students wherever they may reside or attend school.

A second pressing need relates to financing of last resort lending and secondary market programs in the states. As you know, the Department of Education interpretation of the recent congressional amendment designed to cause issuers of tax exempt student loan revenue bonds to determine the needs and to issue no more bonds than necessary has been used to preclude issuance of revenue bonds wherever possible. The efforts of the Department of Education to over-regulate based on the well-intentioned congressional amendment must be curtailed.

As part of the over-regulation, the Department of Education is proposing that student loan revenue bond issuing organizations utilize taxable, rather than tax exempt, financing. The Department proposes that this be accomplished by intentional failure on the part of student loan agencies to comply with all requirements applicable to tax exempt bonds. Because the penalty for failure to comply is that the

bonds become taxable, financing with taxable sources of funds would be accomplished.

If financing for statewide last resort lending and secondary market programs is to be from taxable sources, legislative authorization for taxable financing should be enacted. Absence of such legislative authorization causes serious questions and unnecessary complications to be associated with the issuance of debt to obtain funds for student loans.

The larger question, of course, is whether or not—and the extent to which—tax exempt financing should be utilized by these agencies in obtaining funds to meet student loan needs. We fully agree with both the Congress and the Department of Education that over-issuance of tax exempt student loan revenue bonds is not desirable. We agree with the Congress that provisions in the Plan for Doing Business to discourage over-issuance also is desirable. On the other hand, we do not agree with the Department of Education that financing should be shifted from tax exempt to taxable without legislative authorization or that implementation of the Plan for Doing Business provision by the Department should be done in such a manner as to be overly burdensome (as it presently is), costly, or executed through individual approvals on each specific bond issue, rather than in an appropriate provision in the Plan for Doing Business.

With respect to tax exempt versus taxable financing, some combination may be appropriate. For example, the Congress may wish to impose, through an appropriate formula, some limitation on the volume of loans financed with tax exempt revenue bonds, but with authority for the issuing agency to issue additional taxable debt to the extent necessary and desirable to assure the meeting of the full need for loans. While such an arrangement might not be satisfactory to all parties, it probably would facilitate greater program effectiveness than can be achieved with the uncertainty and other difficulties associated with the current over-regulation by the Department of Educatoin.

Loan default incentives

As has been suggested by the National Council of Higher Education Loan Programs, the efficiency of the GSLP is diminished by the lack of appropriate financial incentives for the borrower to avoid default. A borrower who repays a loan following default suffers no financial penalty because the interest rate on the loan remains the same as before the default.

Given the fact that the interest rate on a student loan often is lower than interest rates available to the borrower for any other purpose, the financial incentive for students, under certain conditions, is to default on the student loan and make subsequent restitution over time. Correcting this deficiency in this program can be accomplished simply by providing for a substantially higher rate of interest on loans which are in the status of defaults. The result of such a policy change would be to eliminate the economic incentive to not repay a student loan on a timely basis.

CONCLUSION

The Guaranteed Student Loan Program continues to operate effectively in facilitating financial access to postsecondary education. Effectiveness of the program can be enhanced further by modest changes to assure that the program is comprehensive enough to meet the full range of public policy objectives which the program should serve. To the extent feasible, the Congress should seek to achieve the benefits of simplification in enacting reauthorization legislation.

The suggestions presented in this testimony are intended to assist in achieving these reauthorization goals in the context of continuing pressure from a less-than-fully advantageous federal budgetary situation. The needs of the nation and the members of the Guaranteed Student Loan Program in meeting those needs are too great to be ignored because of budgetary difficulties.

The authors of HR 5240 and the members of the Subcommittee are to be commended for early and constructive attention to the need for reauthorizing the Guaranteed Student Loan Program. We hope that you will call on us for any assistance which you may desire.

Mr. PENNY. Mr. Chelseth.

STATEMENT OF ARCHIE D. CHELSETH, PRESIDENT MINNESOTA HIGHER EDUCATION COORDINATING BOARD

Mr. CHELSETH. Thank you very much, Congressman Penny and Congressman Gunderson.

I'm Archie Chelseth, president of Minnesota Higher Education Coordinating Board, and obviously very much appreciate the opportunity to meet with you today.

The Coordinating Board of Minnesota is an 11-member lay board which, representing the public at large, is charged with coordinating postsecondary education in our State. In fact, it's a privilege to sit here today with Dr. Hawk, your previous witness, who was indeed our first executive director back in the 1960's. It was through his vision and leadership really that the coordinating board was ensconced as a very valuable mechanism for working in the field of post secondary education in Minnesota.

The board has broad planning and research responsibilities as well as a number of statutorially mandated administrative duties. We are responsible for managing a number of State funded financial aid programs as well as the State second-resort direct lender program under the Federal Guaranteed Student Loan Program. It's from this perspective that I appear before you today.

Given the board's responsibilities both in educational planning and in program operations, we are keenly aware of the relationship between Federal postsecondary activities and those of the State.

The Higher Education Act of 1965 in our judgment has served the Nation well for the past 20 years. Perhaps its most notable accomplishments have occurred in the area of enhanced educational opportunities.

Greatly expanded opportunities have been provided both through the various financial programs for students and through targeted assistance to institutions that are struggling to help disadvantaged students.

Minnesota has benefited substantially from these Federal efforts. Currently the Pell grant program alone provides approximately $85 million annually to students in Minnesota. The State student incentive grant program provides an additional $1.5 million annually, which, although a modest amount, has helped our State program evolve from a $125,000 grant program in 1968 to a $55 million grant program in 1984.

Furthermore, targeted assistance in areas of particular national interest, such as library funding through title II of the Higher Education Act, and Foreign Language and International Study Development through title VI of the act, have also been particularly beneficial to Minnesota and, as you are aware, the role of Statewide coordination activities in post secondary education was significantly strengthened through section 1202 of the old title XII of the Higher Education Act.

After two decades of activity, however, it is perhaps time to step back and assess whether the Federal Government is still on the right track. Tinkering may not be sufficient during this reauthorization cycle. Indeed, authorization, whether it occurs this year or, as Congressman Penny suggested, perhaps in 1985, should seriously

reexamine the Federal role in higher education and how that role once determined can best be achieved.

As you proceed with the reauthorization process, we on the board would like to offer four broad suggestions.

Our first suggestion is that you examine closely what educationally-related activities are truly a Federal responsibility, what activities are in the national interest and what activities are simply a concern of the Federal Government but not its primary responsibility. Let me pursue each of these thoughts very briefly.

In the judgment of our board, the Federal Government has clear responsibility to support a quality of educational opportunity. This has to be considered your primary reason for developing post secondary policy and for that reason it should be the highest priority as the Congress reexamines Federal policies and programs.

After having attended to those activities that are clearly the Federal responsibility, it is then appropriate for the Federal Government to look at those areas that can be characterized as being uniquely in the national interest.

For example, it may be desirable to encourage citizens to continue their education, particularly in specific fields of study or endeavor. For the nation's self-interest, the benefits may be sufficient to justify such Federal involvement.

Furthermore, there are specific types of behavior, such as educational research and development, that are best achieved through a coordinated national effort. To the extent that resources are available, these activities that are of the national interest are clearly within the appropriate domain of Federal attention but they should not take precedent over the first category of programs, that is, programs for which the Federal Government has primary responsibility.

Finally, there are those areas that are a Federal concern but indeed not a Federal responsibility. Such activities might include concerns about the quality of education and costs of tuition, or the strength and breadth of curriculum in postsecondary institutions.

While it may be appropriate to provide modest inducements to encourage certain activities with regard to these, the Federal Government should not attempt to usurp the appropriate roles of others who have primary responsibility for addressing these concerns.

Our second suggestion is that once the Congress has established which purposes are highest in priority over the next 10, 20, 30 years, then you must examine and redesign the program to best meet those Federal purposes.

Without doubt, the programs that exist today have accomplished a great deal, but in many cases they have changed substantially over time and may no longer reflect well the purposes for which they were originally designed.

The combination of expansions through previous amendments to the Higher Education Act and the Middle Income Student Assistance Act, counterbalanced by contractions through various budget reductions, have left the purposes of many programs less clearly defined.

Again we believe we need to develop greater clarity on what goals your programs are intended to achieve and how best to achieve those goals.

Our third suggestion is that you as an authorizing committee first recognize the limits of resources available and develop programs to fit within reasonable limits.

As the president of a State agency that fights—and I should say fights hard—for sufficient funding for postsecondary education programs at the State level, I can appreciate very much your interest in developing a reauthorization proposal that asks for the optimal level of policy and funding for postsecondary education in the Nation.

Unfortunately, the Nation today may not be able to afford optimal funding or policy. Given our current national deficit and the prospects for the future, we simply cannot presume that unlimited funds will be made available to accomplish good purposes.

Therefore, as we all recognize, the Congress will have to make some very difficult choices. It is important that the programs you authorize through the Higher Education Act for the future are within the realm of reason so that allocation decisions in the future can be made without abandoning by necessity the intent of the authorizing legislation. Unfortunately, that has not been the case in recent years.

Too often we have seen the principal purposes of the authorizing legislation sacrificed because the levels of funds subsequently available were not sufficient to achieve the original objectives.

As a result, those of you who understand and appreciate postsecondary educational needs have lost control of the policy and that control has essentially drifted away to the Budget and Appropriation Committees as they have had to make the tough choices inherent in resource allocation.

Our fourth suggestion is that the Congress recognize that the Federal Government is in a partnership with the States, the students across our land, the families of those students, and the institutions of postsecondary education.

If you ignore these other actors in the educational arena, they will simply pursue their own best individual interests. Yet, if you attempt to design your programs to accommodate the collective needs as well as those of the Congress, you will strengthen your chances for accomplishing the overall objectives.

We urge you to keep in mind that the Federal programs are an important foundation upon which others build but it will be a sound foundation only if it supports the remaining infrastructure.

The committee faces a tough task and, in fact, now may not be the most appropriate time to pursue that task given the constraints at the Federal level in 1984.

Whenever you do pursue it, however, we hope you will heed the suggestions that we've shared in a broad, philosophical sense—first, that you assess what the Federal job is and what it is not; second, that you design Federal programs that truly will accomplish those objectives; third, that you develop those Federal programs with the recognition that we do live in an era of limits; and, finally, that you work with and recognize the other significant actors in postsecondary education.

I truly believe that is what you are trying to do and certainly this hearing this morning is reflective of that effort.

The board has not had an opportunity to look at the details contained in Congressman Simon's bill. We will be doing so in the weeks and months ahead and we'll be happy to respond more specifically to the elements contained therein in the future.

I do want to thank you for the opportunity to appear and also to mention that Dr. Longanecker, our acting executive director, will be appearing before you this afternoon and he will be discussing some specific ways in which existing programs and policies will have an impact on the four points we have just made and how they might be altered to better achieve a clear set of Federal purposes in the complex but vitally important area of postsecondary education.

Mr. PENNY. Thank you, Mr. Chelseth.

[Prepared statement of Archie Chelseth follows:]

PREPARED STATEMENT OF ARCHIE D. CHELSETH, PRESIDENT, MINNESOTA HIGHER EDUCATION COORDINATING BOARD

Mr. Chairman and Members of the Committee, I am Archie Chelseth, President of the Minnesota Higher Education Coordinating Board. I appreciate very much the opportunity to meet with you today.

The Coordinating Board in Minnesota is an 11-member lay Board which, representing the public at large, is charged with coordinating post-secondary education in our state. The Board has broad planning and research responsibilities as well as a number of statutorily mandated administrative duties. We are responsible for managing a number of state funded financial aid programs, as well as the state's second-resort direct lender program under the federal guaranteed student loan program.

It is from this perspective that I appear before you today. Given the Board's responsibilities, both in educational planning and in program operations, we are keenly aware of the interrelationship between federal postsecondary activities and those of the state.

The Higher Education Act of 1965 has served the nation well for the past 20 years. Perhaps its most notable accomplishments have occurred in the area of enhanced educational opportunity. Greatly expanded opportunities have been provided both through the various financial aid programs for students and through targeted assistance to institutions that are struggling to help disadvantaged students. Minnesota has benefited substantially from these federal efforts. Currently the Pell grant program alone provides approximately $85 million annually to students in Minnesota. The state student incentive grant program provides an additional $1.5 million annually which—although only a modest amount—has helped our state program evolve from a $125,000 grant program in 1968 to a $55 million program in 1984. Furthermore, targeted assistance in areas of particular national interest, such as library funding through Title II of the Higher Education Act and Foreign Language and International Study Development through Title VI of the act have also been particularly beneficial to Minnesota. And, as you are aware, the role of statewide coordination activities in post-secondary education was significantly strengthened through Section 1202 of the Old Title XII of the Higher Education Act.

After two decades of activity, however, it is time to step back and assess whether the federal government is still on the right track. Tinkering may not be sufficient during this reauthorization cycle. Indeed reauthorization, whether it occurs this year, next year, or the year after, should seriously re-examine the federal role in higher education and how that role—once determined—can best be achieved. As you proceed with the reauthorization process we offer four broad suggestions.

Our first suggestion is that you examine closely what educationally-related activities are a federal responsibility, what activities are truly in the national interest, and what activities are simply a concern of the federal government, but not primary responsibility. Let me pursue each of these very briefly.

The federal government has a clear responsibility to support equality of educational opportunity. This has to be considered your primary reason for developing post-secondary policy and for that reason it should be the highest priority as the Congress re-examines federal policies and programs. After having attended to those

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activities that are clearly the federal responsibility, it is then appropriate for the federal government to look at those areas that can be characterized as being uniquely "in the national interest." For example, it may be desirable to encourage citizens to continue their education, particularly in specific fields of endeavor. For the nation's self interest, the benefits may be sufficient to justify such federal involvement. Furthermore, there are specific types of behavior, such as educational research and development, that are best achieved through a coordinated national effort. To the extent that resources are available, these activities that are in the national interest are clearly within the appropriate domain of federal attention. But they should not take precedence over the first category of programs—that is, programs for which the federal government has primary responsibility. And finally, there are those areas that are a federal concern, but not a federal responsibility. Such activities might include concerns about the quality of education, the costs of tuition, or the strength and breadth of curriculum in post-secondary institutions. While it may be appropriate to provide modest inducements to encourage certain activities with regard to these concerns, the federal government should not attempt to usurp the appropriate roles of others who have primary responsibility for addressing these concerns.

Our second suggestion is that once the Congress has established which purposes are highest in priority, then you must re-examine and redesign your programs to best meet those federal purposes. Without doubt, the programs that exist today have accomplished a great deal. But in many cases they have been changed substantially over time and no longer reflect well the purposes for which they were originally designed. The combination of expansions through previous amendments to the higher education act and the middle income student assistance act—counterbalanced by contractions through various budget reductions—have left the purposes of many programs less clearly defined. Again we believe you need to develop greater clarity on what goals your programs are intended to achieve, and how best to achieve those goals.

Our third suggestion is that you, as an authorizing committee, first recognize the limits of the resources available, and then develop your programs to fit within reasonable limits. As the president of a state agency that fights—and I should say fights hard—for sufficient funding for post-secondary education programs at the state level, I can appreciate very much your interest in developing a reauthorization proposal that asks for the optimal level of policy and funding for post-secondary education.

Unfortunately, the nation today may not be able to afford optimal funding or policy. Given our current national deficits and the prospects for the future we simply cannot presume that unlimited funds will be available to accomplish good purposes. Therefore, the Congress will have to make some very tough choices. It is important that the programs you authorize through the Higher Education Act are within the realm of reason, so that allocation decisions in the future can be made without abandoning by necessity the intent of the authorizing legislation. Unfortunately, that has not been the case in recent years. Too often we have seen the principal purposes of the authorizing legislation sacrificed because the levels of funds subsequently available were not sufficient to achieve the original objectives. As a result, those of you who understand and appreciate post-secondary educational needs have lost control of the policy, and that control has essentially drifted away to the budget and appropriations committees as they had to make the difficult choices inherent in resource allocation.

Our fourth suggestion is that the Congress recognize that the federal government is in a partnership with the states, students, the families of those students and the institutions of post-secondary education. If you ignore these other actors in the education arena, they will simply take advantage of you. Yet, if you design your programs to accommodate their collective needs as well as yours, you will strengthen your chances for accomplishing your overall objectives. We urge you to keep in mind that federal programs are the foundation upon which others build, but it will be a sound foundation only if it supports the remaining infrastructure.

Your committee faces a tough task. And in fact, now may not be the most appropriate time to pursue that task, given the constraints at the federal level. Whenever you do pursue it, however, we hope you will heed the suggestions that we have shared with you today: First, that you assess what the federal job is and what it is not; second, that you design federal programs to accomplish your objectives; third, that you develop federal programs with the recognition that we live in an era of limits; and finally, that you work with and recognize the other significant actors in post-secondary education.

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Again, thank you for the opportunity to appear before you today. Let me mention that Dr. David Longanecker, the Acting Executive Director of the Coordinating Board will be appearing before you this afternoon. He will be discussing some specific ways in which existing programs and policies have an impact on the four points we have just made and how they might be alerted to better achieve a clear set of federal purposes in the complex, but vitally important area of post-secondary education.

Mr. PENNY. Archie, this past year the Minnesota Legislature, at the suggestion and encouragement of the higher education coordinating board, made significant changes in our financial aid programs and in our eligibility guidelines.

Assuming that that was done following the kind of criteria you're suggesting we follow in our reauthorization process, can you describe a bit about the new structure that's in place now in Minnesota and why it's an—why in your opinion it's an improvement over the past policies?

Mr. CHELSETH. Let me try to touch upon that briefly and then perhaps Dr. Longanecker this afternoon could address further some of the specifics.

Prior to the 1983 legislature, our board spent a good 18 months or better taking a look at the program in Minnesota and their State grant and scholarship program and how it was impacting upon the student population, and we came to the conclusion that it was not doing the job that we as a board wanted it to do because it was not specifically targeting sufficient moneys for minorities and the disadvantaged and the lower income group.

So we came forward to the legislature with a program which we called the design for shared responsibility and with great support from our legislature and Governor Herbisch were able to get that enacted into a law which essentially changed the formula and we'd be happy to provide you, Congressmen, and the committee with the details and the data on that.

We have just found in reviewing the first year of operation that that has indeed accomplished its purpose and we are right on target with our projections in terms of how the moneys are being allocated and in fact we think that it has almost worked too well because we are presently going back to the Minnesota Legislature with a $5 million supplemental budget request because our demand on the program has increased and our chances for getting additional plan appear to be excellent.

In summary, we are very pleased with how that's turning out. I should say that in a year of—in the 1983 year some very difficult times fiscally for the State of Minnesota, we were successful in getting a 55-percent increase in our State scholarship grant program which says something about the commitment that we as a State have to education.

Mr. PENNY. How do you find the changes that were made by the State legislature—how do you find those changes jibing with the Federal financial aid structure? Are we out of sync with what you've done?

Mr. CHELSETH. Congressman, I really hesitate to tackle that question because, as you know, my full-time job is in the pulp and paper industry and I'm not spending 40 to 50 hours a week studying these kinds of issues.

I do know that Dr. Longanecker has a good handle on that and I wonder if you wouldn't be better off——

Mr. PENNY. We can do that. I appreciate and respect your intention to defer that question.

Steve, do you have anything?

Mr. GUNDERSON. Just one question to Mr. Hawk.

On page 6 of your testimony you say in order to minimize the cost of a supplemental program Congress may wish to provide for a high rate of interest in addition to expecting the students to bear the cost of in-school interests on these loans.

Are you suggesting in-school interest on just these new supplemental loans you propose here? Do you think that's policy that ought to be adhered to in some kind of a special program for non-traditional students or even in the regular GSL program, looking at some kind of in-school interest payment by the student?

Dr. HAWK. Congressman Gunderson, for those people who demonstrate according to some kind of appropriate criteria a need for additional funds, it seems to me it is not feasible to achieve the necessary public policy objective and require those students to pay interest on the loan while they are in school.

It does seem to me the other category of students who don't have the same kind of pressing need according to the traditional members but who have liquidity problems, who need to be stimulated to pursue postsecondary education and things have to happen to meet some of the other objectives, it seems to me for those people it's appropriate for them to be expected to bear the cost of interest while they are in school.

This doesn't mean they have to pay while they're in school. They may have it deferred and capitalized and pay it as part of the payment, and it seems to me that if necessary in order to reduce the cost to the Federal Government one also could increase the interest rate for those students in order to make that program available.

Obviously in view of my bias both to provide individual opportunity and also to have the Nation develop its human resources as effectively as possible, I would like to see that interest rate as low as feasible and if there were sufficient funding not to deny these students of the subsidy, I would be happy to see that occur as well, but I don't think it's politically economically feasible.

The point is to extend the benefits of the program to a larger population by doing it on a basis which is not costly to the Federal Government.

Mr. PENNY. Mr. Hawk, you suggested in your testimony the possibility of a graduated interest rate. It has also been suggested to this subcommittee in other hearings that we've held that we consider a needs based—an income based repayment schedule.

The assumption you made for graduated interest rates is the same assumption we made for graduated mortage rate for homes, that we're going to be better able to pay those higher costs as the years go by.

The difference between that and the approach of an income-based repayment schedule is that it could then fluctuate based on an income level.

Has your organization given that approach much thought?

Mr. HAWK. Congressman, our judgment simply is that an income-based repayment arrangement, while very attractive in theory, probably just isn't very practical. The costs associated with all the factors which are involved in the development and administration of that kind of program cause us to believe that it's just not very realistic in spite of the fact that theoretically that's very attractive to us.

I should be careful to point out to you that in my testimony I was really suggesting an increasing interest rate only for those students who elect to have the longer than normal period of time to repay their loan in order to defer that cost to the Federal Government.

I'm not really suggesting that we take away any of the subsidy which presently exists by causing a higher interest rate in later years for people who do repay their loans within the prescribed 10-year period.

My response to your specific question is while a variable repayment schedule which is income contingent has great attractiveness and, as a matter of fact, you may recall or may not recall, either, that at one time I proposed such a program to the Minnesota State Legislature and actually got the Minnesota State Legislature to enact some legislation which authorized an income contingent kind of program and it was never implemented simply because of the costs and the great difficulties associated with dealing with it for relatively small balance loans.

Mr. PENNY. Well, I want to thank you both for your testimony and an additional word of appreciation to each of you for your commitment to higher education needs here in our State.

Archie, in your position now, you've been involved in perhaps the most significant change in our higher education financial aid policy in many years and Mr. Hawk, while the director, executive director of the higher education coordinating board, helped usher in the program for guaranteed student loans here in our State.

Again, thank you for your testimony this morning and for your long commitment to the needs of students here in our State.

Before we call the next panel, let's just recess for about 5 minutes. Any of you who haven't been sneaking back to grab coffee can do that now.

[A brief recess was taken.]

Mr. PENNY. I see we have our panelists all ready to go. I want to welcome some students from St. Mary's Grade School. They came to sit in on this hearing and learn a little bit about how the wheels of government work so we welcome them here.

I welcome as well the next panelists, Chuck Cantale of Mankato State University, who works with the TRIO program there. We also have Bruce Schelske, University of Minnesota, and John Westby from the Minneapolis Community College.

You can proceed in that order or another order if you have made arrangements among yourselves as to who should go first.

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STATEMENT OF BRUCE SCHELSKE, PROJECT DIRECTOR, UNIVERSITY OF MINNESOTA UPWARD BOUND

Mr. SCHELSKE. I'll begin. My name is Bruce Schelske and I'm the director of the University of Minnesota Upward Bound Program, one of the TRIO programs that helped a countless number of students over the past decade.

On behalf of the Minnesota TRIO Program I would like to thank Congressman Penny and Congressman Gunderson for including testimony from the TRIO staff in the reauthorization process.

I would like to thank Floyd Stoner and Pam Wheelock of Congressman Penny's office for the invitations to testify at this field hearing, and it's nice to see Mr. Blakey's familiar face here in Minnesota.

Understanding that the Congressmen are able to call upon expert resource people to discuss TRIO programs nationally, my colleagues and I have chosen to speak briefly about the Minnesota TRIO programs we represent.

During fiscal year 1984, Minnesota is receiving $2.4 million in TRIO funding, supporting 21 TRIO programs at 15 colleges and a total of 4,500 students. Summaries of each type of program by congressional district are appended to this testimony.

Minnesotans are proud of the secondary education system in our State, but the opportunity to obtain a competitive secondary education is not uniformly distributed to all citizens. Our Upward Bound Program focuses its efforts on two of Minneapolis' seven high schools, north and south. Students from these schools score 25 percentile points lower than other Minneapolis high school students on reading tests.

In 1982 students from north and south admitted to the University of Minnesota College of Liberal Arts scored 50 percentile points lower on college entrance exams than students from other Minneapolis high schools located in more affluent areas.

That's an index of the competitive handicap that college potential students from educationally disadvantaged backgrounds face when competing for postsecondary education with their intellectual peers with educationally more advantaged histories.

Furthermore, the end of the year grades for those students were lower than the average grades of the other 3,000-plus students admitted to the College of Liberal Arts, even though the high school grade point average of the students in the Upward Bound target schools were higher than the grades of the average College of Liberal Arts freshmen.

These were good high school citizens who believed they had been prepared to pursue a college education but they were significantly underprepared and perhaps had been deceived by the grade inflation at their schools.

When considering each TRIO program, it's clear that there is continuing need for all TRIO services in Minnesota.

With respect to talent search, 2 weeks ago an Upward Bound student brought his friend to a tutorial session. His friend was a black senior from an AFDC family attending a predominantly white high school. A potential first generation college student, Jeff had taken 4 years of high school math and three of science. He had an Ameri-

can college testing math score of 27, which puts him in the 89th percentile for college-bound seniors nationally.

This was truly a high potential student. However, he was certain he could not be admitted to the engineering college at the University of Minnesota. That's untrue.

He had knowledge of only two of Minnesota's many fine private liberal arts colleges, most of which he is admissible to. He had little idea about how to apply.

He had never visited a college campus. He currently had all his postsecondary eggs in the basket of an out-of-State private college in Indiana that his cousin had attended.

His high school counselor has a counseling load of over 400 students. If this student needs counseling services, think of the needs of less able and accomplished but still college-potential students.

The needs of students for Upward Bound services are clear from the achievement information presented earlier. Our estimate is that we serve about 11 percent of the eligible population in our target schools.

The need for special services for college students is easily extrapolated from the high school achievement background of these students when they do matriculate to college.

I strongly endorse the TRIO subpart of the Higher Education Amendments of 1984 and I believe that virtually all of it should be adopted as written.

I would like to note, however, that the language pertaining to new special services applications on page 240, lines 15 to 19, directing the Secretary to give priority to institutions with significant minority populations and disproportionately higher dropout rates would place my institution and all Minnesota colleges at a disadvantage with respect to obtaining a new special services grant.

Setting up a category of institutions for preferential evaluation of their application disregards the information that 70 percent of all black students attend predominantly white colleges.

Also, such a category does not recognize nor give any priority to the services provided to physically handicapped students through special services programs.

As of July there will be no TRIO program in St. Paul, the second largest city in Minnesota. If the above language is approved, all the colleges in St. Paul and the colleges in the proximity of St. Paul would be disadvantaged in applying for a special services program to assist handicapped first-generation students who matriculate to their colleges.

Congressman Penny's legislative director, Floyd Stoner, has asked that we bring along some videotaped excerpts of a special education program in visual communications that our Upward Bound Program offered. I would like to hold off on that until Chuck and John finish their testimony and see if you think we have sufficient time to continue with this.

[Prepared statement of Bruce Schelske follows:]

PREPARED STATEMENT OF BRUCE SCHELSKE, PROJECT DIRECTOR, UNIVERSITY OF MINNESOTA UPWARD BOUND

My name is Bruce Schelske and I am the Director of the University of Minnesota Upward Bound Program one of the TRIO programs that the Higher Education Act

authorizes. I would like to thank Congressman Penny and Congressman Simon for including testimony from TRIO staff in the reauthorization process and I would like to thank Floyd Stoner and Pam Wheelock of Congressman Penny's office for the invitation to testify at this field hearing. Understanding that Congressman Simon and/Congressman Penny are able to call upon numerous and expert resource people to discuss TRIO programs in general and the needs of TRIO students and programs nationally, my colleagues and I have chosen to speak briefly about TRIO programs in Minnesota and particularly about our personal experiences with the TRIO programs that we work for.

I would like to introduce two additional TRIO program directors who are here to enter testimony about the continuing need to include TRIO programs in the Higher Education Act. Jon Westby is the TRIO coordinator at Minneapolis Community College. As TRIO coordinator Jon is responsible for four TRIO programs that serve predominantly urban populations. The four programs at Minneapolis Community College are: Veteran's Upward Bound, high school Upward Bound, Special Services and Talent Search. Charles Cantale is the Upward Bound director at Mankato State University a program that serves predominantly rural and small town populations of educationally disadvantaged high school students in the First Congressional District.

During 1983–1984 (FY 84) Minnesota is receiving $2,410,408 in TRIO funding. Those funds support 21 TRIO programs at fifteen institutions and serve a total of 4,522 students. I have included summaries of each type of program by congressional district, institution and type of program. It might be noticed that the first congressional district has a number of very small special services programs. These small programs resulted from a Department of Education mandated breakup of programs that originally were funded as consortiums: one TRIO program serving several cooperating colleges. That is the situation here in Winona at St. Teresa's which was originally a part of one TRIO program funded by a consortium of St. Teresa, Winona State and St. Mary's.

While Minnesotans are proud of the secondary education system in our state it should be noted that the opportunity to obtain a competitive secondary education is not uniformly distributed to all citizens. Within the Minneapolis secondary schools that the University of Minnesota Upward Bound program serves, educational opportunity is not evenly distributed. For example, the General College Upward Bound program focuses its efforts on two Minneapolis high schools; North and South. Minneapolis Public School information indicates that the median reading level of 10th graders at North High School is only at the 25th percentile when compared to all other Minneapolis high school students. Students from two high-schools located in a relatively affluent area exceed the National mean in both math and verbal portions of the Preliminary Scholastic Aptitude test by an average of four points while students at North High were more than nine points below the mean.

The last test result is important since primarily college bound students take the PSAT. Thus, it is an index of the competitive handicap that college potential students from educationally disadvantaged backgrounds face when competing in post secondary education with their intellectual peers who have, educationally, more advantaged backgrounds.

Minneapolis Public School follow-up studies sustain this premise. Minneapolis high school students matriculating to the University of Minnesota College of Liberal Arts (CLA) were followed for their first year of college. Only two Minneapolis high schools' graduates matched the average profile of the 3,000 plus students admitted to CLA. The students from North and South had American College Testing (ACT) college entrance scores seven points lower than the average of either CLA as a whole or of the two more affluent Minneapolis high schools. This is approximately 50 percentile points lower. Only six students from North High School were admitted to CLA compared with 35 from a smaller but more educationally rigorous school.

Additionally, as might be expected, the end of the year college GPA was significantly lower for students from North and South when compared to other students. It should be noted that the students from the Upward Bound target high schools actually had higher high school GPA's than the average of other students matriculating to CLA. These were good high school citizens who believed that they had been well-prepared to pursue a college education but were significantly underprepared.

The University of Minnesota Upward Bound program serves a predominantly minority student population where, in Minneapolis, the need for compensatory educational services is the greatest. The Minneapolis Public Schools' most recent longitudinal study indicated that over 50% of the Indian students and 29% of Black students who begin the tenth grade dropped out prior to graduation. This is compared to the school system average of 16%. Only 12% of Indian and 34% of Black students

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graduated on time, compared to the 65% school system average. High percentages of families living in poverty and high mobility contribute to these under-achievement patterns. Forty percent of Indian and 29% of Black students changed schools within the Minneapolis school system during the 1981-1982 school year.

When considering each TRIO program in order of its historical development, it is clear that there is continuing need for TRIO services in Minnesota. Talent Search: Two weeks ago an Upward Bound student brought his friend to a tutorial session. His friend was a Black senior from an AFDC family at a predominantly white high school. A potential first generation college student, he was a good student and a three-sport athlete of modest accomplishment. Jeff had taken four years of high school math and three of science. He had an ACT math score of 27, which puts him in the 89th percentile for college-bound seniors nationally. This was truly a high potential student. However, he was certain he could not be admitted to the Institute of Technology of the University of Minnesota, which is untrue. He had knowledge of only two of Minnesota's many fine private liberal arts colleges (most of which he is admissible to) and had little idea about how to apply. He had never visited a college campus. He currently had all his post secondary eggs in the basket of an out-of-state private college in Indiana that his cousin had attended. His high school counselor had a counseling load of over 400 students. If this student needs talent search services, think of the needs of less able and accomplished but still college-potential students.

The needs of students for Upward Bound services are clear from the achievement information presented earlier. Our estimate is that we serve about 11% of the eligible population at our target schools.

The need for special services for college students is easily extrapolated from the high school achievement background of these students when they do matriculate to college.

I strongly endorse the TRIO subpart of the Higher Education Amendments of 1984 and I believe virtually all of it should be adopted as written. I would like to note, however, that the language pertaining to new special services applications on page 240, lines 15-19, directing the Secretary to give priority to institutions with significant minority populations and disproportionately high dropout rates would place my institution and all Minnesota colleges at a disadvantage with respect to obtaining a new special services grant. I believe that the opportunity to apply to provide special services for low-income, first generation and handicapped students should be available to all institutions. Setting up a category of institutions for preferential evaluation of its application disregards the information that 70% of all Black students attend predominantly white colleges. Also, such a category does not recognize or give any priority to the services provided to physically handicapped students through special services programs. For example, as of July 1, 1984, there will be no TRIO program in St. Paul, the second-largest city in Minnesota. If the above language is approved, all of the half dozen colleges in St. Paul and the colleges in proximity to St. Paul serving St. Paul graduates would be disadvantaged in applying for a special services program to assist handicapped and first generation students who matriculate to their colleges.

Upon the request of Congressman Penny's legislative director, Floyd Stoner, I would like to narrate video tape excerpts of an education program in visual communications using Super 8 filmmaking for Upward Bound students.

Upward Bound's primary education goal is to develop our students' basic and higher level reading, mathematics and composition skills. In addition to skill development, Upward Bound also provides educational opportunities not usually available to disadvantaged youth. The film class, in addition to providing an opportunity for creative expression, has provided exposure to film, video and TV careers, internships for students at the largest advertising and visual communications agency in Minnesota and community and family recognition of our students' positive achievements. Additional funds and support for the film class have been provided by the National Endowment for the Arts, the Minnesota State Arts Board, Film-in-the-Cities (a community arts organization), the Josten's and Minneapolis Foundations, the Minneapolis Public Schools and the University of Minnesota General College.

These exciting visual statements were produced by ninth and tenth grade students placed in a properly structured and motivating educational environment and given the opportunity to express their talents. The films you are seeing were conceptualized, storyboarded, scripted, acted, directed, filmed and edited by students who had less than three weeks of film class prior to beginning these final summer film class projects.

EDUCATIONAL OPPORTUNITY PROGRAMS IN MINNESOTA [1]

Program/college	Students served	Funding
First Congressional District:		
Special Services:		
Carleton College	94	$42,058
College of St. Teresa	90	21,155
Rochester Community College	280	97,692
St. Mary's College	91	48,985
St. Olaf College	81	39,561
Winona State University	92	31,322
Upward Bound/Mankato State University	55	159,702
Total	783	440,515
Special Services/Southwest State University	200	76,224
Third Congressional District: Special Services/Inver Hills Community College	250	69,495
Fourth Congressional District: Special Services/Macalester College	104	85,208
Fifth Congressional District:		
Special Services/Minneapolis Community College	200	85,053
Talent Search/Minneapolis Community College	1,100	85,907
Upward Bound/Minneapolis Community College	70	144,000
Veterans' U.B/Minneapolis Community College	150	141,655
Special Services/University of Minnesota, Minneapolis	400	115,308
Indian Upward Bound/University of Minnesota, Minneapolis	85	214,483
Upward Bound/University of Minnesota, Minneapolis	70	184,257
Total	2,075	970,663
Seventh Congressional District:		
Special Services/Bemidji State University	390	144,182
Upward Bound/Bemidji State University	70	191,152
Talent Search/Minnesota Chippewa Tribe	600	70,805
Total	1,060	406,139
Eighth Congressional District:		
Upward Bound/University of Minnesota, Duluth	50	153,164
Total	4,522	2,410,408

[1] Funded under title IV of the Higher Education Act of 1965 as amended in 1980 (1983–84 funding levels).

Source: Sharyn Schelske, MnAEOPP Legislation and Education Committee chair.

PROGRAM ABSTRACT—UPWARD BOUND, UNIVERSITY OF MINNESOTA, GENERAL COLLEGE

PROGRAM PARTICIPANTS

The University of Minnesota Upward Bound Program works with 70 low-income high school students from Minneapolis area high schools. Sixty-one percent of the students are from families that receive public assistance. An additional 12% depend upon social security payments. The remaining 27% of the students are from low income families. During an average year, 80% of the Upward Bound students come from racial minority groups where, in Minneapolis, the need for compensatory education is the greatest. For example, the percentage of Minneapolis high school students who drop out exclusive of Black and Indian students is 16%. The drop out rate among Indian senior high students is 51%; among Black students, 29%. Only 12% of Indian students and 34% of Black students graduate on time compared to 65% of other students in the secondary system. In 1983 the University of Minnesota Upward Bound program was contacted by 160 students for the 30 program openings.

PROGRAM SERVICES

To counter these historically low rates of high school graduation and even lower rates of matriculation into post-secondary education, Upward Bound provides a summer residential program of intensive classwork in English, reading, math and study skills. These required classes are designed as individual learning laboratories

with educational programs tailored to remediate student's diagnosed educational shortcomings. Elective courses are designed to provide educational opportunities not usually available to low income youth and may include art, Super 8 filmmaking, health, advanced composition, calculus and computer science depending upon the students' interests and Upward Bound staff's determination of the students' educational needs and abilities. Other program services include personal, educational and career counseling; assistance with college selection, admission and financial aid applications; tutoring in school year classes, and assistance with high school course selection; summer and school year field trips and motivational experiences to stimulate students to achieve personally, educational and socially; and a "bridge" program providing college classes and tutoring support for Upward Bound students who have just completed high school and will be entering college in the fall.

PROGRESS TO DATE

The University of Minnesota Upward Bound has been in operation since 1965. On the average 75% of Upward Bound students have graduated from high school and gone on to college or vocational school. This year we expect over 85% to graduate and over 80% to go on to post-secondary education. Over 80% of Upward Bound summer students make at least one year's growth in reading and math skills during a six week summer program. Upward Bound students nationally, and at the University of Minnesota have demonstrated much more persistence in post-secondary education than students without Upward Bound experience from similar economic and educational backgrounds.

3/28/84

NCEOA

National Council of Educational Opportunity Associations

1126 16th Street, N.W., Suite 200 Washington, D.C. 20036 (202) 775-0863 Hotline (202) 833-2743

Association for Equality and Excellence in Education, Inc.

Association of Special Programs in Region Eight

Mid-America Association of Educational Opportunity Program Personnel

Midwestern Association of Educational Opportunity Program Personnel

New England Association of Educational Opportunity Program Personnel

Northwest Association of Special Programs

Southeastern Association of Educational Opportunity Program Personnel

Southwest Association of Student Assistance Programs

Western Association of Educational Opportunity Personnel

TRIO

<u>Program Title</u>: Special Programs for Students from Disadvantaged Backgrounds (TRIO), Higher Education Act of 1965, Title IV (Student Assistance) Part A, Subpart 4. P.L. 92-318 as amended by 96-374.

<u>Purposes of the Program</u>: To identify qualified individuals from low-income families who are in the first generation in their families to attend college, to prepare these students for postsecondary education, to provide special supportive services for low-income, first-generation and physically handicapped students while they pursue programs of postsecondary education, and to train persons serving or preparing for services in programs and projects so designed.

<u>Who Receives Funding</u>: The 1,264 TRIO projects operate in 814 higher educational institutions and 69 community agencies. In FY 1983 TRIO projects served a total of 478,026 students. Two-thirds of these students were from families where (1) the total taxable income was less than 150% of the poverty level, and (2) neither parent had graduated from college. Among TRIO students, 41% are black, 35% are white, 17% are Hispanic, 4% are American Indian and 3% are Asian. Eleven thousand TRIO students are physically handicapped.

<u>Kinds of Activities Supported</u>: TRIO refers to five programs funded under the Special Programs subpart: Educational Opportunity Centers, Special Services for Disadvantaged Students, Talent Search, Upward Bound, and a training program for TRIO staffs. The TRIO programs provide low-income, first-generation, and physically handicapped students the supportive services they need—counseling, basic skills instruction, tutoring, information about college admissions and financial aid—to enroll in and graduate from college. These programs provide low-income students a realistic opportunity to escape cycles of poverty and dependence and to achieve the upward mobility afforded by higher education.

<u>Funding History</u>: TRIO programs were first authorized in 1965 and received a modest \$2 million appropriation in 1966. Funding has since increased steadily, principally because these programs have been proven to serve the national education interest in a cost effective manner.

FY 1985 Appropriation Required—\$200.0 million
FY 1984 Appropriation—\$164.7 million
FY 1983 Appropriation—\$154.7 million
FY 1980 Appropriation—\$147.5 million

Between FY 1980 and FY 1984, TRIO lost 28% of its funding in real dollars (adjusted to reflect increases in the consumer price index). In 1980 dollars, the FY 1984 TRIO appropriation is equivalent to \$118.6 million. In order to serve the same number of students that received TRIO services in 1980, in FY 1985 an appropriation of \$190 million would be required. The additional \$10 million sought would be used to provide additional information and counseling services as recommended by the National Commission on Student Finance Assistance.

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	FY 1980	FY 1984 Projected	FY 1985 Proposed
Special Services			
Participants	172,070	150,300	86,112
Cost Per Participant	$349	$446	$463
Number of Projects	595	641	641
Cost Per Project	$100,840	$110,608	$66,365
Upward Bound			
Participants	37,210	32,600	18,788
Cost Per Participant	$1,639	$2,175	$2,262
Number of Projects	437	423	423
Cost Per Project	$143,020	$167,612	$100,567
Talent Search			
Participants	202,033	190,825	0
Cost Per Participant	$75	$93	—
Number of Projects	158	167	0
Cost Per Project	$96,836	$106,586	—
Educational Opportunity Centers			
Participants	117,100	104,300	0
Cost Per Participant	$65	$78	—
Number of Projects	32	33	0
Cost Per Project	$240,625	$265,454	—

Impact of the President's Budget: In FY 1985 the Administration proposed to reduce TRIO funding by 50%. In order to do so, it would eliminate all Talent Search projects and Educational Opportunity Centers. These projects presently provide information and access services to over 294,000 youth and adults. Under the proposal, each Special Services and Upward Bound grant would also be cut 40% and 104,000 disadvantaged students would no longer receive counseling, tutoring and instruction to enable them to prepare for and remain in college. The Administration is also preparing to introduce authorizing changes which would require institutions to pay 25% of the cost of Special Services projects in FY 1986, 50% in FY 1987, and 75% in 1988, as well as 10% of the cost of Upward Bound projects in each year beginning in FY 1986.

Evidence of Effectiveness: A series of outside studies provide evidence that the TRIO programs have been effective in advancing equal opportunity. For example, Talent Search and Educational Opportunity Centers provide assistance to more than 20% of Black and Hispanic freshmen who enter college each year. Upward Bound has been effective in motivating disadvantaged high school students to attend and graduate from college. Four years after high school graduation, Upward Bound participants are four times as likely to earn a baccalaureate as comparable nonparticipants. Special Services has been effective in keeping low-income students in college. Students who receive the full range of Special Services—counseling, tutoring and basic skills instruction—are 2.26 times as likely to complete their first year of college as students who do not receive those services.

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Western Association of Educational Opportunity Programs

EVALUATIONS OF THE SPECIAL PROGRAMS FOR STUDENTS FROM DISADVANTAGED BACKGROUNDS HAVE SHOWN THE PROJECTS TO BE EFFECTIVE

Special Services for Disadvantaged Students

A 1981 study commissioned by the Department of Education and conducted by the Systems Development Corporation tracked the performance of approximately 5800 freshman students enrolled at 58 representative Special Services projects in 1979-80. It compared their performance to that of a control group of equal size drawn from the same institutions. It found:

— Project services are reaching their intended population: economically and educationally disadvantaged students;

— Students who receive the full range of Special Services—counseling, tutoring and basic skills instruction—were 2.26 times as likely to complete their first year of college as students who do not receive those services; and

— SSDS students attempted and completed more course units than did similar students who did not participate.[1]

Upward Bound

The most recent major study of Upward Bound was conducted by Research Triangle Institute for the Department of Education. It followed 3,710 Upward Bound twelfth graders from 54 randomly selected Upward Bound projects and a comparison group of similar non-participants for four years. It concluded:

[1] John Coulson with Clarence Bradford and Judith Kaye, "Evaluation of the Special Services for Disadvantaged Students (SSDS) Program: 1979-80 Academic Year," (Palo Alto, CA: Systems Development Corporation, 1981).

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- The Upward Bound program appears to have a beneficial impact on students' educational aspirations, postsecondary progress and persistence;

- 9[illegible] of Upward Bound graduates entered postsecondary institutions;

- Upward Bound participants were more than twice as likely to enroll in a four year college or university than were students in the control group;

- Upward Bound participants took greater advantage of financial aid and support services while in college than comparable non-participants; and

- Four years after high school graduation, Upward Bound participants were four times as likely to have earned a baccalareate as comparable non-participants.[2]

Talent Search and Educational Opportunity Center

No national evaluation of these programs has been copleted. However, in 1981-82:

- Educational Opportunity Centers served 127,198 clients: 3,621 Indians, 4,645 Asians, 50,780 Blacks, 19,734 Hispanics and 48,418 Whites. 34,165 (27%) clients were placed in postsecondary institutions.

- Talent Search Projects served 200,612 students: 8,449 Indians, 6,641 Asians, 82,914 Blacks, 39,541 Hispanics, and 63,066 White Students. 74,790 students (37%) were placed in postsecondary institutions.

- More than 20% of Black and Hispanic freshmen who entered college in 1981 received assistance from a Talent Search project or an Educational Opportunity Center.[3]

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2 Graham Burkheimer, John A. Riccobono, and Joseph M. Wisenbaker, Evaluation Study of the Upward Bound Program: A Second Follow-up, (Research Triangle Park, NC: Research Triangle Institute, 1979).

3 VSE Corporation, "Final Performance Reports for Talent Search and Educational Corporation, 1981).

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Mr. PENNY. Chuck.

STATEMENT OF CHARLES W. CANTALE, DIRECTOR UPWARD BOUND, MANKATO STATE UNIVERSITY

Mr. CANTALE. Congressman Gunderson, Congressman Penny, members of the subcommittee, I appreciate the opportunity to appear before you today to discuss the accomplishments of the Upward Bound Program.

My name is Chuck Cantale and I am assistant professor of education and director of the Upward Bound Program at Mankato State University in Mankato, MN.

Before I begin to tell you about the successes of the Upward Bound Program, I would like to tell you a little bit about myself.

Coming from a low-income family from Cleveland, OH, and being the youngest of six children, I eked my way through high school with mediocre grades. In fact, I didn't learn to read until I was halfway through high school and a teacher noticed that I was not able to read. Fortunately for me, Sister Mary Cordell, a Notre Dame nun, was able to find extra time to teach the skills of reading which I have used and will use for the rest of my life.

As I approached my senior year, my fellow classmates talked about college. I, too, wanted to attend college, but advice from a high school counselor was to get a good vocational job that I could be happy with.

Having no role model for post secondary education, I did just that. I was trained as a chef and was successful. Unfortunately, it did not meet the goals that I had for myself. These goals were to teach in the inner city and to provide guidance to students who were in similar situations in which I found myself in those formative years.

Upward Bound takes students from low-income and academically disadvantaged backgrounds or students whose parents do not have a college education and provides the needed educational, social, and cultural activities needed to achieve post secondary education.

All too many students today find themselves bound by a repetitive failure syndrome in their school effort. They thus view themselves as persons of little worth and lose the limited motivation they once had. As a direct result, achievement levels drop to a point at which the school experience lacks meaning. The students become resigned to a school failure and eventually even become resigned to the lack of important human relationships.

These young people today give up and begin to congregate in groups whose common denominator is failure. The word failure becomes their own definition of themselves. Thus in a society where they are aware that many people are succeeding, they are aware, very aware, that they themselves are not.

Quite possibly the best solution of an era of failure, a successful education could do much to overcome the problem of failure, no matter what the social basis.

Although the adverse effects of poverty and poor social conditions cannot be overlooked, faulty educational processes may be the main cause of many young peoples' failure in school and unless we begin to provide learning situations in which young people through

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reasonable applications of their capability succeed, it is logical to infer that we will do little to solve the major problems of our country.

The report, "Equality of Educational Opportunity," commonly termed the Coleman report, states that it is for the most disadvantaged children that improvements in school quality will make the most difference in achievement.

Where children come from homes in which failure is a part of the daily life, deficient education leads to no motivation. Without motivation or with just enough to fight an irrelevant education, these young people fall into a lock-step failure for life.

A person will not succeed in general until he or she can in some way first experience success in one important aspect of his or her life.

The Upward Bound Program seeks to become just that first step, an intervention program to provide young people who possess academic potential with an opportunity for meaningful experiences.

Jeff Door is just one example of a student who has benefited from the Upward Bound Program. Jeff is a sophomore at Mankato State University, pursuing a degree. Jeff has a 3.26 grade point average and he is also doing quite well in other aspects of college life.

When I first met with Jeff and talked with him, he had no intentions of attending post secondary education. His male role model was a truck driver and that was his aspiration.

In a recent article in the Mankato Free Press, he was quoted as saying, without Upward Bound I would be in the army or driving a truck now. Before Upward Bound came along, I just didn't care about education. Further, he stated, I still don't enjoy education that much but I know that I will get a better job some day because of it.

Jeff is also currently working in the bindery at the university. The position was obtained through a career exploration program designed by the Upward Bound Program during his senior year. Jeff is now able to help finance his education with this job in which he makes above average student wages.

Ann Roman, also a sophomore at Mankato State University, came from a small rural town. When I first met Ann, I asked her what she wanted to do and she replied that maybe she would like to work in a health spa as a clerk, possibly handing out towels and doing marginal or menial service.

Today Ann is a psychology major with a grade point average of 3.29.

Looking back at Ann and Jeff, I can honestly say that they would not be in school today without the services of the Upward Bound Program. Not that they didn't have the ability, but because they did not have the guidance and the motivation which is provided by the staff of the Upward Bound Program.

Another reason they would not have made it in post secondary education without the help of the Upward Bound Program is because they lacked the self confidence and the self esteem needed for success in post secondary education. Jeff and Ann gained these skills through educational, recreational, and cultural experiences which were built into the Upward Bound curriculum.

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Ann and Jeff are not isolated cases. Students such as these can be found throughout the United States and these are the students that Upward Bound serves.

Trio programs serve students from rural isolated areas in Minnesota, Kentucky, South Dakota, and I can go on to other States that have rural isolated areas. It serves students from innercity slums and ghettos in Cleveland, Detroit, Los Angeles, and here again I can go on wherever there is a ghetto or slum area.

Educational programs such as Upward Bound are not liabilities to our country's budget, but they are investments for the future. Right now a common question that is asked quite often is where is the payoff for programs such as this or, in the more common vernacular, where's the beef.

Gentlemen, the beef is in the trained mind of the youth who is productive and who is a potential taxpayer of tomorrow, the youth who will make the decisions of our future in the future.

Our choice is to pay now and educate these young people so that they make wise and knowledgeable choices in the future, or we can procrastinate, leaving our future in the hands of others and continue to increase the welfare rolls with those young people who lack the determination and the motivation to succeed.

I have attached to my prepared statement four photographs of two statues created by the upward bound students in an art class this summer. It is important to realize that not only does the Upward Bound Program stimulate the creative abilities of these students, but also the intellectual abilities as well.

These statues are a culmination of a curriculum designed to foster student interaction and group participation, and teach students the skills of planning, setting goals and seeing a project through to completion.

Gentlemen, it has been once said upon the sands of procrastination lie the bones of countless thousands who upon the brink of victory stopped and rested, and in resting, died.

Therefore, gentlemen, I am asking—no, I'm begging you not to procrastinate when it comes to determining the future of our youth. It is up to you to continue to provide educational programs such as TRIO so that the disadvantaged youth of America have a chance to be truly upward bound.

Thank you.

Mr. PENNY. Thank you, Chuck. We appreciate your testimony.

[Prepared statement of Charles Cantale follows:]

PREPARED STATEMENT OF CHARLES W. CANTALE, ASSISTANT PROFESSOR, COLLEGE OF EDUCATION, DIRECTOR, UPWARD BOUND, MANKATO STATE UNIVERSITY, MANKATO, MI

Congressman Gunderson, Congressman Penny, members of the subcommittee, I appreciate the opportunity to appear before you today to discuss the accomplishments of the Upward Bound Programs. My name is Chuck Cantale and I am an Assistant Professor of Education and the Director of the Upward Bound Program at Mankato State University in Mankato, Minnesota. Before I begin to tell you about the successes of the Upward Bound Programs, I feel compelled to tell you a little bit about myself.

Coming from a low-income family, from Cleveland, Ohio, and being the youngest of six children, I eked my way through high school with mediocre grades. In fact, I didn't learn to read until I was halfway through high school and a teacher noticed that I was not able to read. Fortunately, for me, Sister Mary Cordell, a Notre Dame nun, was able to find extra time to teach me the skills of reading which I have used

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and will use for the rest of my life. As I approached my senior year, my fellow classmates talked about college. I, too, wanted to attend college. But advice from my high school counselor was to get a good vocation and find a job in which I could be happy. Having no role models for post secondary education, I did just that. I trained to be a chef and was successful. Unfortunately, it did not meet the goals I had set for myself. these goals were to teach in the inner city and to provide guidance to students who were in similar situations in which I found myself in those formative years.

Upward Bound takes students from low-income and academically disadvantaged backgrounds or students whose parents do not have a college education and provide the needed educational, social, and cultural activities needed to achieve post secondary education. All too many students today find themselves bound to a repetitive failure syndrome in their school efforts; they thus view themselves as persons of little worth and lose the limited motivation they once had. As a direct result, achievement levels drop to a point at which school experiences lack meaning. The students become resigned to school failure and eventually even become resigned to the lack of important human relationships. These young people give up and begin to congregate in groups whose common denominator is failure. The word "failure" becomes their own definition of themselves. Thus, in a society where they are aware that many people are succeeding, they are very aware that they themselves are not. Quite possibly the best solution to this aura of failure, a successful education, could do much to overcome the problem of failure no matter what its social bases. Although the adverse affects of poverty and poor social conditions cannot be overlooked, faulty educational processes may be the main cause of many young person's failure in school. Unless we begin to provide learning situations in which young people, through reasonable applications of their capabilities, succeed, it is logical to infer that we will do little to solve the major problems of our country.

The report, *Equality of Educational Opportunity*, commonly termed The Coleman Report, states that, "It is for the most disadvantaged children that improvements in school quality will make the most difference in achievement." Where children come from homes in which failure is a part of daily life, deficient education leads to no motivation. Without motivation or with just enough to fight an irrelevant education, these young people fall into lock-step failure for life. A person will not succeed in general until he/she can, in some way, first experience success in one important aspect of his/her life. The Upward Bound Program seeks to become just such a first step, an intervention program to provide young people who possess academic potential with an opportunity for a meaningful experience.

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dents from inner-city slums and ghettos in Cleveland, Detroit, and Los Angeles are also served.

Educational programs, such as Upward Bound, are not a liability to our country's budget, but an investment to the future. Right now, a common question that is asked quite often is "Where's the payoff for programs such as this?" Or in a more common vernacular, "Where's the beef?" Gentlemen, the beef is in the trained mind, the youth who is productive and who is the potential taxpayer of tomorrow. The youth who will make decisions on our future, in the future. Our choice is to pay now and educate these young people so that they make wise and knowledgeable choices in the future or we can procrastinate, leaving our futures in the hands of others, and continuing to increase our welfare roles with those young people who lack the determination and the motivation to succeed.

I have attached, to my prepared statement, four photographs of two statutes created by students in an art class in a summer Upward Bound Program. It is important to realize that not only does Upward Bound stimulate the creative abilities of the student, but also the intellectual abilities as well. These statutes are the culmination of a curriculum designed to foster student interaction and group participation and teach students the skills of planning, setting goals, and seeing a project through to completion.

Gentlemen, it has once been said, "Upon the sands of procrastination lies the bones of countless thousands, who upon the brink of victory, stopped to rest, and in resting, died." Therefore, I am asking you, no, I am begging you, not to procrastinate when it comes to determining the future of our youth. It is up to you to continue to provide educational programs such as TRIO, so that the disadvantaged youth of America have a chance to be truly Upward Bound. Thank you.

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Mr. PENNY. I got a chance to tour your office and see the students' artwork, and it struck me then, and now that I see the picture again, that one in particular looks an awful lot like Congressman Gunderson. The students did a fine job and I was very impressed with their artwork and the sculptures in particular. I think it does speak well for the kind of espirit de corps that you have among the students in your program and the moral support that they give one another. Your program enables them to improve their outlook for the future.

I just want to commend you again for the program you have in place over at Mankato State University.

Jon.

STATEMENT OF JON H. WESTBY, DIRECTOR TRIO PROGRAMS MINNEAPOLIS COMMUNITY COLLEGE

Mr. WESTBY. I would like to thank both of you for giving us an opportunity to speak today about the TRIO Program in Minnesota.

I'm Jon Westby, the director of TRIO programs at Minneapolis Community College. Currently we have four programs at the college. I'm just going to briefly talk about three of these—talent search, special services and veterans upward bound.

The Talent Search Program is currently in its second year of operation. The focus of the program is on providing outreach, assessment, information and referral to low-income individuals in the Minneapolis and St. Paul area.

We operate primarily out of community agencies serving mainly adults, and one of our main focuses and goals is to establish a broad base of community support and to provide educational information to the whole community.

I have attached to my written comments a sheet showing the demographic data and the placements for the Talent Search Program from February of 1983 through this last February, and also attached are some biographical sketches of some of the clients that we served over the last year.

The special services project started in September 1980. This program provides counseling, academic classes and supportive services to low-income first generation college students and disabled students at the college.

The major emphasis of the project is on providing academic, personal and financial aids counseling. We also offer seven academic classes that project participants can take. These range from remedial math and English to college level science, social science and English.

The area where special services has had its most lasting effect is providing services to physically and learning disabled students.

When the program started in 1980, the college had identified and assisted probably no more than 10 of these students. Today we work with 66 students in special services, 45 of them being physically disabled.

Included in my comments is a brief list of some of the services that we do provide to these students. Had special services not taken the initiative to establish these services, I doubt if any of them would currently exist on campus.

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I have also attached the program results for special services for the last 3 years and responses to our participant evaluation form for the same period.

The oldest of the TRIO programs at Minneapolis Community College is Veterans Upward Bound, having started in 1972. This program provides classroom instruction and counseling to low-income veterans who either did not finish high school and need a GED, or may have graduated but did not obtain the basic academic skills he needs for success in postsecondary training.

The program conducts classes in reading, English, math, study skills, 20 hours a week during the academic year. Most of the participants are in their late twenties or early thirties, have families, are either unemployed or marginally employed. They traditionally view Veterans Upward Bound as their last chance to obtain the skills they need and then to prepare for further training or education.

I have attached a data sheet outlining the results of the program from its start through June 30, 1983. Also attached is a chart showing the average pre and post test scores for students who were in the program during 1982 and 1983.

By looking at this, you can see that the average quarterly skills level increased with 1.5 grade level for each quarter, roughly 3 months that person remained in the program.

I would also briefly like to speak about Veterans Upward Bound Program from my perspective as president of the National Association of Veterans Upward Bound Project personnel. Right now there are 27 veterans upward bound projects located in 20 States and Puerto Rico. This is down from the 67 that were initially funded when the program started in 1972.

I have included data, national performance data, for these programs from 1978 through 1983, and this is collected on a voluntary basis so not every program is reported each year, but by looking at it you can see the national impact that Veterans Upward Bound has had.

In conclusion I would just like to state that although the number of veterans who might use this type of program is steadily declining, the need still exists, especially in large metropolitan areas, and I urge you to include veterans upward bound legislation when you reauthorize the Higher Education Act.

Mr. PENNY. Thank you all for your testimony.

[Prepared statement of Jon H. Westby follows:]

PREPARED STATEMENT OF JON H. WESTBY, DIRECTOR OF TRIO PROGRAMS, MINNEAPOLIS COMMUNITY COLLEGE

Minneapolis Community College (MCC) is a two-year state supported liberal arts college located adjacent to the downtown area of Minneapolis. Four TRIO programs are currently located at MCC, Upward Bound, Veterans Upward Bound, Talent Search and Special Services for Disadvantaged Students. The operation and results of three of these programs, Talent Search, Special Services and Veterans Upward Bound will be outlined in detail.

TALENT SEARCH

The Talent Search Project at MCC is in its second year of operation. The focus of the program is to provide outreach, assessment, information and referral to low-income individuals, primarily adults, in the Minneapolis/St. Paul metropolitan area. In addition to its on campus locations, Talent Search also maintains offices to

two high schools and six community agencies. These agencies were selected because they serve low-income and/or minority individuals and are located in the areas where these individuals reside. Project staff also coordinate with other community organizations to receive referrals and to provide information or workshops to their clients. In this way, Talent Search has worked with 39 different agencies and organizations in the Twin Cities area. The program has achieved one of its major goals of providing educational information to the whole community and of developing community support.

The Talent Search Project staff has found that there is no other comprehensive educational outreach and referral program in the Twin Cities. Although most colleges and universities have some type of community outreach program, these tend to be recruitment programs for that particular institution. These programs, understadably, are more concerned with the welfare of the institution. These programs, understandably, are more concerned with the welfare of the institution than with that of the individual.

Talent Search, however, holds the opposite view. The program conducts a detailed needs assessment of evry individual and then assists them to enter the educational or vocational program which will best help them reach their academic and career goals.

The next page shows the demographic data and placements for the individuals served by Talent Search from Febraury 1983 through February 1984. Also included are some brief sketches of clients who have benefited from the project.

Clearly, this program is making a positive impact in the Minneapolis/St. Paul area and the subcommittee is urged to continue the authorization of Talent Search in the Higher Education Act.

Talent search demographic data and placements

From February 1983 through February 1984, we have served 1,067 individuals in the Talent Search Program: 783 were low-income, 185 American Indian, 15 Asian, 599 Black, 46 Hispanic, 126 White, 613 females, and 462 high school drop-outs.

Of these 1,067 individuals, 575 entered postsecondary educational institutions. Of the 575: 41 entered 4 year colleges or universities, 275 entered 2 year colleges, 63 proprietary schools, and 196 vocational/technical schools.

Of the 462 high school drop-outs, 354 entered GED or ABE programs.

Responses to talent search participant evaluation

Participants are asked to rate the quality of each of the services they received through Talent Search on a scale of 1-6, 1 being poor and 6 being excellent.

Academic counseling, testing and information	5.5
Career counseling and information	5.5
Financial aids information	5.7
GED pre-testing and information	5.5
Other	5.7

Have you selected a tentative career goal? 73%, yes; 27%, no.

Talent search client histories

Talent Search helps client in a variety of ways. For some of these individuals, not having a GED is a major obstacle to enrolling in college or vocational school. Although some colleges do not require that students have their GED before being admitted, most of the clients seen are not aware of this. Many of the project's clients are also not aware of the fact that a GEd pre-test exists, or that there are free GED preparatory classes offered at several locations.

Several clients have explained how scared they were of taking the GED test—that they had put it off for months, even years, because of their fear of failure. Therefore, they are truly relieved when they learn that they can take a GED pre-test which gives them some idea of what to work on before being confronted with the actual GED test.

On client, a 26-year-old Indian male, took the pre-test, and did quite well on it—much better than he had expected. This was very encouraging for him. In fact, he said if he had not had a chance to increase his confidence by taking the GED pre-test and seeing his score, he may have put off attempting to earn his GED indefinitely. This client also took an aptitude test Talent Search offers and in doing so further increased his confiedence and eagerness to begin a college education. He is currently taking a GED preparatory class and is planning to enroll at the University of Minnesota next fall.

Lack of information about financial aid for school is a source of problems for many clients seen by Talent Search counselors. A 39-year-old Ethiopian male, had filled out financial aid forms before coming to the project, he had made many mistakes on the form. The Talent Search counselor helped him revise his original financial aid report form. This client is now in his second term at Minneapolis Community College. He recently stopped in to thank Talent Search for the help given him, saying that he didn't know how he would have managed on his own. He said that had he not received financial aid, he would not be in school.

Othe clients have expressed thanks for the interest testing, career counseling, and academic advising Talent Search provides. One client, a nineteen-year-old black male, was undecided about what course of study to pursue, and what school to attend. He was considering programs ranging from chemical enginering to political science, and was debating whether to attend school in Minnesota or in California. The Talent Search counselor gave him a career interest test, made an appointment for him to use the computerized career information systems at Minneapolis Community College and met with him several times to discuss his plans. He ended up deciding to attend Minneapolis Community College to take liberal arts undergraduate courses in preparation for transferring to UCLA to complete a major in pre-law.

SPECIAL SERVICES FOR DISADVANTAGED STUDENTS

The Special Services Project started at Minneapolis Community College in September, 1980. The program provides counseling, academic classes and supportive services to low-income, first generation college and/or disabled students enrolled at the college.

The major emphasis of the project at MCC is on counseling. Two full-time counselors work with roughly 200 students. Because of this low student-to-staff ratio, the counselors are able to establish a close supportive relationship with their students and better able to monitor progress and problems.

Special Services also offers seven academic classes to project participants. These range from remedial math and English to college level science, social science and English. Since these courses are open only to program students, they serve to build group identification and peer support many students need to succeed in higher education.

The area where the Special Services Project has had its most lasting impact is in providing services to physically and learning disabled students. When the program started in 1980, no more than ten such students had been identified and assisted on campus. Today, the project serves 66 disabled students, 45 of them physically disabled.

The services the project provides include: arranging for note takers and readers; coordinating with the college's learning center to identify and remediate learning disabled students; insuring that facilities and programs are accessible; assist in developing alternative physical education classes for disabled students; sponsoring an annual college wide disabilities awareness day; and, organizing a disabled student club. Project staff also wrote a grant to the Xerox Corporation which brought to campus a $30,000 Kurzweil Reading Machine used by blind and visually disabled students and community members.

Had the Special Services Project not taken the initiative, it is doubtful that any of these services would exist at MCC.

Attached is a sheet showing the proposed objectives of the Special Services Project at MCC and the actual results. Also included is a summary of responses to the program's participant evaluation.

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SPECIAL SERVICES PROGRAM PERFORMANCE RESULTS

Below are listed the proposed objectives and actual performance for the program during the 1980-83 program years.

AREA	PROPOSED OBJECTIVE		ACTUAL RESULT	
Number of participants	1980-81	100	104	
	1981-82	200	199	
	1982-83	200	223	
Retention rate	75%		1980-81	77%
			1981-82	74%
			1982-83	78%
Students who indicated that they received satisfactory counseling assistance	75%		1980-81	92%
			1981-82	96%
			1982-83	90%
Students who have selected a tentative career goal	75%		1980-81	81%
			1981-82	75%
			1982-83	76%
Students indicating they were satisfied with career information presented by project	75%		1980-81	89%
			1981-82	84%
			1982-83	74%
Students indicating they were satisfied with assistance given them in registering for Minneapolis Community College	75%		1980-81	93%
			1981-82	96%
			1982-83	94%
Participants who had a 2.00 GPA or higher each quarter	60%		1980-81	78%
			1981-82	81.2%
			1982-83	80.5%

RESPONSES TO SPECIAL SERVICES STUDENT EVALUATION

		1981	1982	1983
1. How would you rate the quality of the counseling you received through the Special Services Project?		5.5	5.1	5.0
2. How would you rate the assistance you received through the Special Services in registering for classes at Minneapolis Community College?		5.3	5.3	5.2
3. How would you rate the quality of the career information given to you by the Special Services Project?		4.9	4.5	4.4
4. Have you selected a tentative career goal?	(YES)	81%	75%	76%
5. Did you enroll in classes offered through the Special Services Project?	(YES)	54%	65%	85%
6. If yes, how would you rate the overall quality of the course or courses?		4.9	5.3	4.8
7. How relevant was this class or classes to your future studies?		4.8	5.2	4.9
8. Has your self-confidence increased as a result of the counseling or academic assistance you received through Special Services?	(YES)	96%	87%	84%
9. How would you rate the effect that the Special Services Project has had on your academic life?		5.2	4.6	4.8

Above are responses to the student evaluation for the 1980-83 years. (Items are rated on a six point scale with six being the highest.)

VETERANS UPWARD BOUND

The Veterans Upward Bound Project started at MCC in 1972. The project provides classroom instruction and counseling to low-income veterans who do not have a high school diploma, or who may have graduated but do not have the academic skills necessary to succeed in a postsecondary program.

The project conducts classes in reading, English, math and study skills twenty hours a week from September to June. Veterans remain in the program for an average of three to six months. Participants are eligible to receive GI Bill benefits while enrolled in the Veterans Upward Bound Program. Most participants are in their late 20's or early 30's and are unemployed or marginally employed. They generally view Veterans Upward Bound as a last chance to obtain their basic academic skills.

Attached is a data sheet outlining the performance of the Veterans Upward Bound Project at MCC from its start through June 30, 1983.

Also attached is a chart showing the average quarterly pre- and post-test scores for project participants during the 1982–83 year. One can see that student skills were increased an average of 1.5 grade levels for every academic quarter they remained in the program.

Nationally, there are 27 Veterans Upward Bound projects located in 20 states and Puerto Rico. (This is less than half of the number of projects, 67, that were funded when the program began in 1972.)

Included is national performance data for the Veterans Upward Bound projects for the five year period 1978–83. This data is compiled annually by the National Association of Veterans Upward Bound Project Personnel because the data collection forms used by the Department of Education do not accurately document the activities of the veterans projects. Since this data is submitted voluntarily by each project, not every project reported each year. Even so, one can see the national impact that these programs have had.

Although the number of disadvantaged veterans who would participate in the Veterans Upward Bound is steadily declining there is still a need for these programs especially in large metropolitan areas like New York, Chicago, Detroit and Los Angeles. The subcommittee is urged to include Veterans Upward Bound legislation in the reauthorized Higher Education Act.

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VETERANS UPWARD BOUND STATISTICAL REPORT
For Report Period 1/3/73 **to** 6/30/83

I. **Project** Minneapolis Community College, Minneapolis, Minnesota — **Calendar System** Quarterly

Ethnic Group ALL

Name Jon Westby — **Phone Number** (612)341-7076

II. **Entry Requirements or Levels** NONE

III. **Program Description**

A. **Diagnostic Test Used** ITED, TABE

B. **Type of Instruction (Check applicable spaces)**

1. Pre-GED (Grades 1-6)	X
2. GED	X
3. Remedial/Prep or Refresher Training	X

IV. Number of veterans contacted this report period	14,331
V. Student Placement (From IV Above)	
A. Number referred directly to other agencies, jobs, etc.	363
B. Number referred directly to educational opportunities	609
C. Total number enrolled directly into Veterans Upward Bound	2,103
1. Number who too GED this report period	425
2. Number who passed GED this report period	355
3. Number who failed GED this report period	65
4. Number who completed Program and entered college	385
5. Number who completed Program and entered other training	291
D. Withdrawals	
1. Registered, never entered	402
2. Voluntarily withdrew	307
3. Terminated, excessive absences	77
4. Other	85
Total Withdrawals	871

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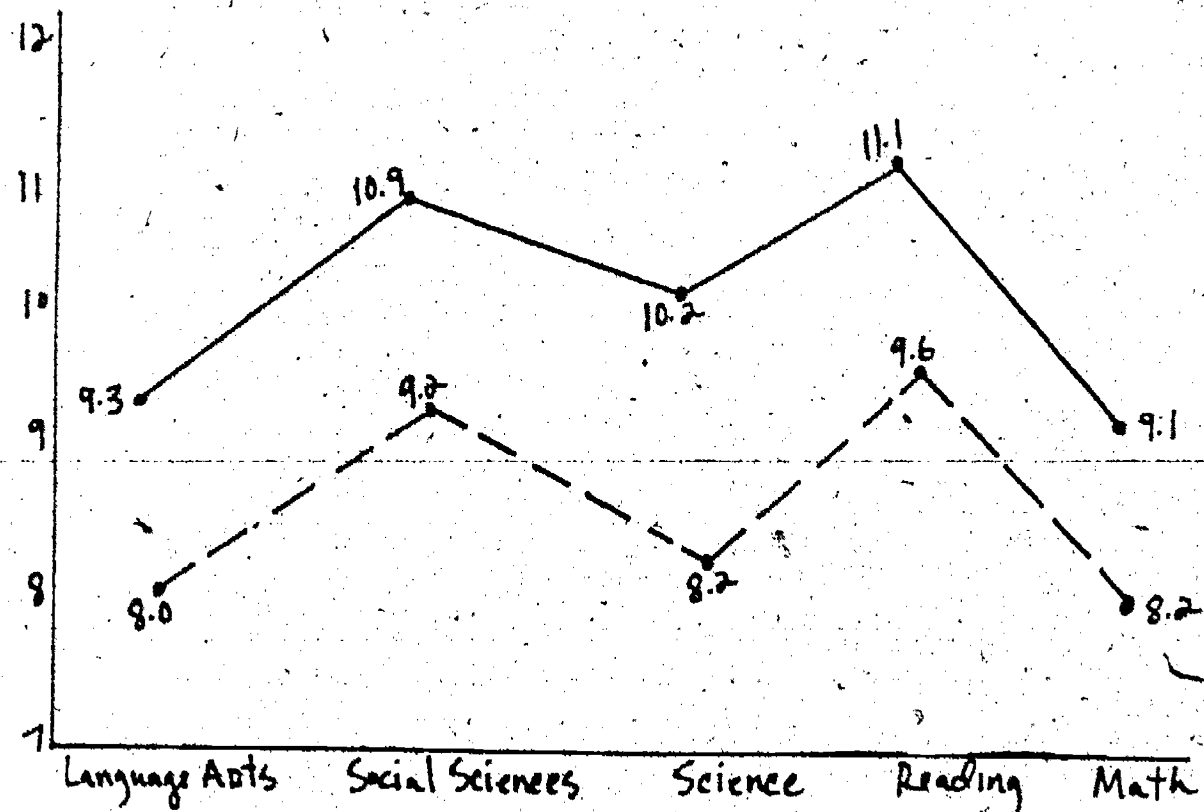
1982-83

PRE & POST TEST SCORES

----Total Average Pre-Test Score: 8.6----

——Total Average Post-Test Score: 10.1——



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DATA COMPARISON

1978 - 1983

Recruitment	1978-79	1979-80	1980-81	1981-82	1982-83*	Five Year Total
A. Contacts, informal (phone contacts, mailings, etc.)	23,290	30,764	35,181	36,216	19,516	144,965
B. Contacts, formal (personal on-site interviews with veterans)	6,927	7,837	6,458	8,282	6,517	35,851
Primary Action (from Recruitment)						
A. Actually enrolled in VUB	3,435	4,209	3/725	3,798	2,419	17,586
B. Placed in college	664	883	954	1,597	498	3,049
C. Placed in other educational opportunities	271	448	261	785	336	2,081
D. Referred to job opportunities	440	419	392	890	1,260	3,381
E. Not eligible because of income; referred to other agency	404	456	271	574	286	1,991
F. Other	264	857	836	1,016	1,009	5,980
Actually Enrolled in VUB (from Primary Action Section)						
A. Number completing program	1,711	1,806	1,808	1,807	1,110	10,047
B. Number continuing into next report period	404	765	378	513	376	2,434
C. Number who withdrew (total)	1,337	1,650	1,391	1,430	900	6,716
1. Reason for withdrawal:						
a. Registered/never entered	386	469	413	437	301	2,006
b. Personal withdrawal	522	584	468	490	214	2,278
c. Excessive absences	350	398	370	423	311	1,852
d. Other	79	199	140	88	93	599
Completing Program (from actually enrolled in VUB)						
A. Applied for admission to college or other training	1,047	1,263	1,139	1,386	706	5,541
1. Entered college	893	961	809	885	493	4,041
2. Entered other training	177	209	209	372	196	1,163
B. Job	267	227	274	252	144	1,164
C. Other	220	314	276	165	114	1,089
GED Preparation						
A. Number who took GED	985	847	555	693	402	3,482
B. Number who passed GED	750	636	388	503	291	2,568
C. Number who failed GED	186	158	82	129	75	630
D. Number who had no scores reported	49	53	97	59	86	344
		N=25.	N=28	N=32	N=19	

* N = 19

Mr. PENNY. I think we can move forward with the video program if it's working.

[Film shown.]

Mr. SCHLESKE. This program has been especially effective for us in getting our students involved in the community in a number of different ways. We have through this class developed internships with the largest advertising agency in Minnesota. We've had students work at Russell Manning Productions for 80-hour internships that are normally only available to students with college degrees. This is the first group of students who have had those kinds of internships.

Most of the funding for the film class doesn't come directly from upward bound funds. We've received support from the National Endowment for the Arts, Minnesota State Art Board, Film in the Cities, a community arts organization, a Minneapolis foundation and the Minneapolis public schools.

This is kind of the progression of the class itself. Students first begin work in the classroom learning animation and how to operate cameras, how to do editing skills, and then they begin to work on their own film.

The films you are going to see very soon were conceptualized, story-boarded, scripted, acted, directed, filmed and edited by students who had less than 3 weeks of film class prior to beginning the December film project.

[Film shown.]

Most of the upward bound classes don't look even nearly as exciting—looks like a reading class. This film was produced by a student who had just finished ninth grade at North High School and again these are cut down from about 90 minutes of film to around 10 minutes.

Students make all their own arrangements for shooting on location. This young lady made an arrangement with the Minneapolis department store to show contrasting shots of her conception of affluent Minnesota versus considerably less affluent areas, ones that perhaps she is more familiar with.

Mr. PENNY. You mentioned that the students lay out the plan for what they want to say, what the message of the film will be. What about the technical aspects of just putting it all together? Do you provide training there and how much does each individual student really learn about the filming, and the running of the equipment?

Mr. SCHLESKE. They do it all. The staff that we hired to work with the film class are themselves independent film and videomakers as opposed to, say, film teachers, and one of the staff who worked with one of these films has done camera work for Hollywood filmmakers.

This film was made by a student who is now a student at Johns Institute. She's going to Minneapolis Community College studying law enforcement.

One of the things when I first thought about filmmaking or was approached about filmmaking, I thought this was an excellent opportunity to film a commercial for Upward Bound but the film instructors themselves talked me out of it and said that the students will have a commitment to this if they are allowed to express their own vision and you find something about the values of the student.

This young lady obviously enjoys power lifting. It was a very important thing for her because she had lived most of her life in the shadow of an older sister who was a better student, et cetera, and Jane finally found something she excelled at and allowed her to express her own individuality.

Mr. PENNY. Do all of the students that are enrolled in this film class get a broad-based education in start-to-finish film production?

Mr. SCHLESKE. Yes; there are about 15 students per summer in the film class out of our total population of 70, and the students crew for each other, they help each other find music. They do their own camera work.

This is Yvette's film. She directed this. She conceptualized it, but she found the other upward bound students to do the camera work, to do the lighting, to organize it and help her cut it.

The dancer you see there is—last summer was Upward Bound. She was a high school senior, graduated from North High School. This summer, after her freshman year at the University of Minnesota, she'll be working for us as a math tutor. She's the best math student we've had in a couple of years in addition to being a fine dancer, also on scholarship at a Minneapolis dance company.

This film was shot at Northgate Roller Rink from about 10:30 in the evening to 1 in the morning on a Thursday evening. Most of that film you won't see is shot inside the roller rink. This is just the lead in.

That was quite a cultural experience for the filmmakers themselves because this is in the middle of the northside Minneapolis housing project. It's our student's home but it certainly wasn't home for the videomaker.

Out of sight on either side there are large crowds of onlookers and to see this 10th grade girl kind of saying move back there, we're shooting a film, this is my film.

This student had just finished ninth grade, again at North High School.

Mr. PENNY. This is just a summer project?

Mr. SCHLESKE. It's only a summer project.

Mr. PENNY. Where are the students during the academic year?

Mr. SCHLESKE. They're back in their regular high schools and we provide them with counseling and tutorial support. We go out and advise them on their high school course selection, provide them with math and composition, tutors, assist them in their negotiations with their high school teachers, for example, and counselors.

This student in the program is obviously a takeoff on a Dr. Frankenstein-type film.

Mr. PENNY. Are all of the students involved in some summer activity as part of the program? Give us some other examples.

Mr. SCHLESKE. Primarily our program teaches English, composition and mathematics. Students have two 80-minute classes a day in each of those areas.

In addition, though, each student can take one elective. This is probably the most exciting elective we're able to organize but it's expensive and it really does depend upon the support of the community. We couldn't offer this alone with Upward Bound.

By the way, this student here is shooting in the University of Minnesota animal lab. He made the arrangement to shoot there himself and again did the work.

The other kinds of electives we teach, we teach a high school how to study course. We have a health and self-awareness course, trying to—we have a career development course, trying to assist the students in making appropriate career choices.

This particular part of the film was filmed at Four Paws, which is a fairly exclusive St. Paul restaurant. They gave permission to the student to come and film at 7:30 in the morning on a Tuesday.

The students make their own arrangements and I think it's really important for them to interact with adults in that kind of fashion because they don't often have the opportunity to do that. Most of the adults are high school teachers and sometimes the relationship there can be adversary.

Mr. PENNY. I wanted to ask, and this is a question I asked Chuck when I was in Mankato, about comparisons with control groups so that we can document the success of the students in this program as compared to students who——

Mr. SCHLESKE. With similar backgrounds?

Mr. PENNY. Yes; but are not participating.

Mr. SCHLESKE. There is some information attached to my testimony about national surveys and national studies. The last addendum—the back page of the last addendum refers to the Research Triangle Institute study for the Department of Education, following up on 3,700 Upward Bound students.

They found that Upward Bound students are two and a half times more likely to complete their first year of college after an Upward Bound experience compared to the control group.

It's very difficult for a local program to do more than follow up on their own students to establish a control group and do that kind of sophisticated study.

Again, this student had just finished high school, and that's another student who is acting in her production. This older man participating in the program—the Wellington she's asking for is a tour leader at the Walker Art Center, and this student asked him to participate in her movie.

We are hopeful that the film will provide some novelty in a long day of testimony, and also give you a chance to see some of the students that you are providing support for.

These students now, they won't have summer filmmaking programs this summer. That's a one-shot thing. We'll be focusing more and more intently on their preparation for college. As sophomores they'll have a high school how-to-study course as their elective. As juniors, they'll have what we call preparation for life after Upward Bound, spend time visiting college campuses, organizing themselves to apply for scholarships, write up personal educational essays, the kinds of things, for example, that Minnesota Federation of Teachers scholarship would request.

Thank you for your time.

Mr. PENNY. We really want to thank you for your presentation today and for that very interesting video which gives us, I think, a better feel for what this program has meant to so many students

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across the Nation who have been able to participate in TRIO, and again we thank each of you for your testimony.

We will, of course, accept any additional documentation that you might want to provide and all of the charts and records that you used as appendix to your testimony today will be included in the record as well. Thank you.

Next, I want to call Dr. Larry Osnes, Minnesota Private College Council, and I would also like to ask Marsha Hall of Mayo to come forward.

STATEMENT OF DR. LARRY OSNES, MINNESOTA PRIVATE COLLEGE COUNCIL

Dr. OSNES. Representative Penny and Representative Gunderson, thank you for the opportunity to testify before you this afternoon.

My name is Larry Osnes and I serve as the president of the Minnesota Private College Council. I'm here today representing the 17 private liberal arts colleges and universities that comprise the membership of the council.

The College of St. Teresa is one of our members and I join Dr. John Hamilton in welcoming you to this private college campus.

Representative Penny is a long-time friend of higher education in this State. You are well-acquainted, I know, with the important role that Minnesota's private institutions play in the education of our young people.

Representative Gunderson, as our next-door neighbor, your State has a long and proud tradition of support to independent higher education. Is is a particular pleasure to be here on this campus among your good friends.

Let me give you a brief overview of higher education in Minnesota. Our 17 member colleges are among the oldest and finest colleges and universities in the upper Midwest. We educate about 20 percent of the college students in Minnesota. We offer degree programs in 120 areas, and although our numbers are relatively few, we provide more than 57 percent of the State's baccalaureate programs in social sciences, philosophy and religion, 70 percent of the State's music programs, and 50 percent of the State's mathematics programs.

Our schools as a group have earned a strong reputation both nationally and internationally for their exceptional commitment to the liberal arts, for their strong and rigorous academic programs, and for the quality and diversity of their student body.

It is from the perspective of our private college students that I would like to comment on the financial aids portion of H.R. 5240.

During this academic year, our member schools have enrolled approximately 31,000 students, roughly one-fifth of all post-secondary students in the State. Our students come from a broad range of social, economic, and cultural backgrounds.

The diversity of our students contributes greatly to our strength as institutions. It is essential in the creation of a quality academic program to maintain a variety of perspectives and experiences within the academic community. Certainly an important part of this diversity comes from a student population rich in different economic and racial backgrounds.

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Minnesota private colleges have worked to maintain this diversity even when it means the investment of significant private resources, but such efforts, though highly important, are costly.

For these reasons it is essential, in our view, to preserve that diversity through strong State and Federal student assistance programs that provide not only access to higher education but a broad range of choice among various institutions and various academic institutions.

One of the keys, then, to maintaining healthy private colleges offering strong academic programs is a diverse student body.

We know that financial aid is extremely important to students attending our sister institutions in the public sector, but it is absolutely essential to students attending private colleges. Strong financial aid programs are also essential to the continued health of the private institutions that those students attend.

In Minnesota, for example, the difference in the cost of instruction between public and private colleges is minimal. The much more significant difference is the share of that cost borne directly by students—approximately 85 percent for private college students and 35 percent for public students.

Of that 85-percent paid by students in the private sector, financial aid, both State and Federal, in the form of grants, loans and student work, is a vital portion of the resources needed to provide students an opportunity to choose a private college or university if they so desire.

So it's clear that our students and our colleges have a definite stake in any discussion of Federal financial aid programs. Without a fair, equitable and predictable financial aid program, our students' choices are curtailed dramatically.

Without careful attention and deliberation by the Congress in close consultation with the higher education community, we reduce the chance that financial aid will get to those students who need it most, and we reduce the chance that all of our higher education institutions, both public and private, can continue to provide a quality educational experience to a diversity of students.

In that connection, I would like to single out three of the bill's provisions and comment from our perspective as private liberal arts colleges and universities.

First, we strongly support the master calendar concept for the Department of Education. The uncertainty surrounding the current schedules create undue hardship for all students receiving financial aid. By creating a master calendar that the Department of Education must adhere to, you will be building in an important degree of predictability to the administration of financial aid programs that will be of enormous benefit to our students and our institutions.

Second, on a less positive note we have serious questions about the student aid block grant concept. On the surface, the combining of NSDL, SEOG, and SSIG programs into a single block grant seems to be a way to simplify and streamline those programs.

Our concern is that this step would in fact make student aid more complex, not less. We fear that the result of the block grant program may be to encourage a high debt burden among those students who can afford it least. This would occur due to the connection of the grants to Pell and guaranteed student loan recipients.

Third, as you are well aware, the proposed changes in the Pell grant provisions are raising questions among those of us in private higher education. In particular, changes in the half-cost provision will require a great deal more discussion, debate and research within the higher education community and in the Congress before the expiration of the Higher Education Act in 1985.

Finally, let me just say that we applaud a strong commitment to higher education that is implicit in the bill. We are concerned, however, that it has not had in our view a sufficient review by the higher education community.

We would encourage that an extensive review be undertaken in the coming months. This bill and this hearing is a good place to begin that review and discussion.

It is also timely to begin that review now. The Nation's attention has been highly focused on education in recent months and there is public discussion, most of helpful and constructive, taking shape on the Nation's commitment to education.

By 1985, when the Higher Education Act expires, Congress will need to make hard choices and commit dollars at a much higher level, in our view, to assure the quality of higher education in this country that is necessary.

It is the best investment we can make in the future of the country. We welcome the opportunity to continue the dialogue with you as we meet this challenge over the coming months.

I would be happy to address any questions that you might have. Thank you for your interest.

Mr. PENNY. Thank you, Dr. Osnes, for your testimony.

[Prepared statement of Dr. Larry Osnes follows:]

PREPARED STATEMENT OF DR. LARRY G. OSNES, PRESIDENT, MINNESOTA PRIVATE COLLEGE COUNCIL

Representative Penny, Representative Gunderson, thank you for the opportunity to testify before you this afternoon. My name is Larry Osnes and I serve as president of the Minnesota private college council. I am here today representing the 17 private, liberal arts colleges and universities that comprise the membership of our council. The College of St. Teresa is one our members and I join Dr. Hamilton in welcoming you to this campus.

Representative Penny, as a long-time friend of higher education in this State, you are well acquainted, I know, with the important role that Minnesota's private institutions play in the education of our youth. And Representative Gunderson, as our next-door neighbor, your State has a long and proud tradition of support to independent higher education. So it is a particular pleasure to be here on this campus among friends.

Let me give you a brief overview of private higher education in Minnesota. Our 17 member colleges are amont the oldest and finest colleges and universities in the upper Midwest. We educate about 20 percent of the students in Minnesota. We offer degree programs in over 120 disciplines. And although our numbers are relatively few, we provide more than 57 percent of the State's baccalaureate programs in social sciences, philosophy, and religion; 70 percent of the music programs; and 50 percent of the math programs. Our schools, as a group, have earned a strong reputation—nationally and internationally—for their exceptional commitment to the liberal arts, for their strong and rigorous academic programs, and for the quality and diversity of their student bodies.

It is from the perspective of our private college students that I would like to comment on the financial aid portions of H.R. 5240. During this academic year, our member schools enrolled nearly 31,000 students—roughly one-fifth of all postsecondary students in the State. Our students come from a broad range of social, economic, and cultural backgrounds.

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The diversity of our students contributes greatly to our strength as institutions. It is essential, in the creation of a quality academic program, to maintain a variety of perspectives and experiences within the academic community. Certainly, an important part of this diversity comes from a student population rich in differing economic and racial backgrounds. Minnesota private colleges have worked to maintain this diversity even when it means the investment of significant private resources. But such efforts though highly important are costly.

For these reasons, it is essential, in our view, to preserve that diversity through strong State and Federal student assistance programs that provide not only access to higher education, but a broad range of choice amongst various institutions and various academic experiences.

One of the keys, then, to maintaining healthy private colleges offering strong academic programs to a diverse student body is fair and equitable student aid programs. We know that financial aid is extremely important to students attending our sister institutions in the public sector. But it is absolutely essential to students attending private colleges. Strong financial aid programs are also essential to the continued health of the private instititions those students attend.

In Minnesota, for example, the difference in the cost of instruction between public and private colleges is very minimal. The much more significant difference is the share of that cost borne directly by students—approximately 85 percent for private college students and 35 percent for public students. Of that 85 percent paid by students in the private sector, financial aid, both State and Federal, in the form of grants, loans and student work, is a vital portion of the resources needed to provide students an opportunity to choose a private college or university if they so desire.

So it's clear that our students—and our colleges—have a definite stake in any discussion of financial aid programs. Without a fair, equitable, and predictable financial aid program, our students' choices are curtailed dramatically. Without careful attention and deliberation by the Congress—in close consultation with the higher education community—we reduce the chance that financial aid will get to those students who need it most and we reduce the chance that all of our higher education instutions—public and private—can continue to provide a quality educational experience to a diversity of students.

In that connection, I would like to single out three of the bill's provisions for comment from our perspective as private liberal arts colleges and universities.

First, we strongly support the master calendar concept for the Department of Education. The uncertainty surrounding the current schedules creates undue hardship for all students receiving financial aid. By creating a master calendar that the Department of Education must adhere to, you will be building in an important degree or predictability to the administration of financial aid programs that will be of enormous benefit to our students and our institutions.

Second, on a less positive note, we have serious questions about the student-aid block grant concept. On the surface, the combining of NDSL, SEOG, and SSIG, Programs into a single block grant seems to be a way to simplify and streamline those programs. But our concern is that this step would, in fact, make student aid more complex, not less. We fear that the result of the Block Grant Program may be to encourage a high debt burden among those students who can afford it least. This would occur due to the connection of the grants to Pell and guaranteed student loan recipients.

Third, as you are well aware, the proposed changes in the Pell grant provisions are raising serious questions amont those of us in private higher education. In particular, changes in the half-cost provision will require a great deal more discussion, debate, and research within the higher education community and in the Congress before the expiration of the Higher Education Act in 1985.

Finally, let me just say that we applaud the strong commitment to higher education that is implicit in this bill. We are concerned, however, that it has not had, in our view, a sufficient review by the higher education community. We would encourage that an extensive review be undertaken in the coming months. This bill and this hearing is a good place to begin that review and discussion.

It is also timely to begin that review now. The Nation's attention has been highly focused on education in recent months and there is public discussion, mostly helpful and constructive, taking shape on the Nation's commitment to education. By 1985, when the Higher Education Act expires, Congress will need to make hard choices and commit dollars at a much higher level, in my view, to ensure the quality of higher education in this country. It is the best investment we can make in the future of our Nation. We welcome the opportunity to continue the dialog with you as we meet this challenge over the coming months.

I would be happy to address any questions that you might have. Thank you for your interest.

Mr. PENNY. Marsha.

STATEMENT OF MARSHA HALL, SECRETARY, FINANCIAL AID COMMITTEE, MAYO MEDICAL SCHOOL

Ms. HALL. I am Marsha Hall, the administrative assistant at Mayo Medical School and secretary to the Financial Aids Committee, Mayo Foundation.

Borrowing money to pay for medical education is not new. What has changed in the past few years has been the cost of medical education, the cost of loans, and the declining role of federally supported programs for financing medical education.

Until recent years, medical schools could appoint students with little concern that the student would decline for financial reasons. This is no longer true.

In addition, it is increasingly difficult to maintain socioeconomic diversity within the student body.

From 1972 to 1980, the average Mayo Medical School student could count on the guaranteed student loan, GSL, to cover 80 percent or more of his or her loan needs for each year. Interest did not accumulate during the 4 years of medical school. Deferment was available during most of residency, and when interest did begin it was 7 percent. The loan was available to anyone who applied.

Today, the GSL supports less than 60 percent of the loan dollars of Mayo medical students who borrow. In addition, it is subject to a 10-percent surcharge, an increase in interest, and is not available to all students as it once was due to the income eligibility requirement.

To fill the gap between the cost of education and the dwindling real value of the GSL, Mayo students last year borrowed almost 40 percent of their loans from Mayo, Parent Loans for Undergraduate Students or PLUS, and Health Education Assistance Loans, HEAL. HEAL loans are the least attractive since the interest rate floats 3½ percent above Treasury bill rates.

There is an increasing number of students who come to medical school with at least some undergraduate indebtedness, and more and more students with a substantial level of undergraduate debt. In addition, there is a marked increase in the borrowing to finance medical education.

Financial aid at Mayo Medical is need-based. Approximately 75 percent of the Mayo medical students qualify for financial aid.

In 1983, the average indebtedness of Mayo graduates who borrowed was $22,000, with some individuals borrowing up to $42,000. It is estimated that by 1986, the average indebtedness of those graduates who borrow will be $38,000 with some individual borrowers having a debt as high as $76,000.

A Mayo student who borrows $76,000 in multiple loans during 4 years of medical school will owe approximately $117,000 at the beginning of repayment. If the student paid back the loans over a 15- to 25-year period, the dollar amount increases many times over.

There is concern that the rising level of indebtedness among medical students and the impact of these debt levels may result in a number of negative ramifications. These are:

One, with these debt levels and the longer residency training programs that graduates are selecting, it will become more difficult for graduates to meet their pay-back obligations.

Two, graduates will select careers in medicine and seek practice locations which traditionally have provided higher levels of income.

Three, as medical education costs increase and the demand for physician services is perceived to no longer be as great at it once was, students will hesitate to go into medicine and accumulate a large debt for fear they will not have the level of income traditionally experienced by physicians. Thus, fewer students will choose a medical career and the excellence and diversity of students needed in medicine will be endangered.

In order to maintain the excellence and diversity of medical school student bodies and to allow graduates the latitude to make career choices and avoid forcing them toward higher paying specialties, a number of possibilities for financial assistance needs to be considered which will enable worthy students to obtain a medical education without incurring excessive educational debt obligations. These are:

One, increasing yearly and total GSL limits and reducing the origination fee.

Two, establishing loan consolidation programs and flexible refinancing options.

Three, providing partial interest subsidy for the PLUS and HEAL loans.

Four, appropriating more money to the exceptional financial needs and the National Health Service Corps scholarship program.

I would like to thank Congressman Penny and Congressman Gunderson and members of the subcommittee for the opportunity to appear today.

Mr. PENNY. Thank you, Marsha.

[Prepared statement of Marsha Hall follows:]

PREPARED STATEMENT OF MARSHA HALL, SECRETARY, FINANCIAL AID COMMITTEE, MAYO MEDICAL SCHOOL, MAYO FOUNDATION

Borrowing money to pay for a medical education is not new. What has changed in the past few years has been the cost of medical education, the cost of loans, and the declining role of Federally supported programs for financing medical education.

Until recent years, medical schools could appoint students with little concern that the student would decline for financial reasons. This is no longer true. In addition, it is increasingly difficult to maintain socioeconomic diversity within the student body.

From 1972-1980, the average Mayo Medical School student could count on the Guaranteed Student Loan to cover 80 percent or more of his/her loan needs for each year. Interest did not accumulate during the four years of medical school, deferment was available during most of residency, and when interest did begin it was seven percent. The loan was available to anyone who applied.

Today the Guaranteed Student Loan supports less than 60 percent of the loan dollars of Mayo Medical students who borrow. In addition, it is subject to a 10 percent surcharge ($5,000 loan, $4,500 actually delivered to student), an increase in interest (7 percent to 8 percent to 9 percent), and is not available to all students as it once was due to the income eligibility requirement.

To fill the gap between the costs of education and the dwindling real value of the Guaranteed Student Loan, Mayo students last year borrowed almost 40 percent of their loans from Mayo, Parent Loans For Undergraduate Students (PLUS), and

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Health Education Assistant Loans (HEAL), HEAL loans are the least attractive since the interest rate floats 3½ percent above treasury bill rates.

There is an increasing number of students who come to medical school with at least some undergraduate indebtedness, and more and more students with a substantial level of undergraduate debt. In addition, there is a marked increase in the borrowing to finance medical education. Financial aid at Mayo Medical School is need based. Approximately 75 percent of the medical students qualify for financial aid. In 1983, the average indebtedness of Mayo graduates who borrowed was $22,000 with some individuals borrowing up to $42,000. It is estimated that by 1986 the average indebtedness of those graduates who borrow will be $38,000 with some individual borrowers having a debt as high as $76,000.

A Mayo student who borrows $76,000 in multiple loans during four years of medical school will owe $116,955 at the beginning of repayment. If the student pays back the loans over a 15 to 25 year period, this dollar amount increases many times over.

There is concern that the rising level of indebtedness among medical students and the impact of these debt levels may result in a number of negative ramifications.

(1) With these debt levels and the longer residency training programs that graduates are selecting, it will become more difficult for graduates to meet their payback obligations.

(2) Graduates will select careers in medicine and seek practice locations which traditionally have provided higher levels of income.

(3) As medical education costs increase, and the demand for physician services is perceived to no longer be as great as it once was, students will hesitate to go into medicine and accumulate a large debt for fear they will not have the level of income traditionally experienced by physicians. Thus fewer students will choose a medical career and the excellence and diversity of students needed in medicine will be endangered.

In order to maintain the excellence and diversity of medical school student bodies and to allow graduates the latitude to make career choices and avoid forcing them toward high paying specialties, a number of possibilities for financial assistance need to be considered which will enable worthy students to obtain a medical education without incurring excessive educational debt obligations. These are:

(1) Increasing yearly and total GSL limits and reducing the origination fee.

(2) Establishing loan consolidation programs and flexible refinancing options.

(3) Providing partial interest subsidy for the PLUS and HEAL loans.

(4) Appropriating more money to the EFN and NHSC scholarship programs.

Mr. PENNY. Both your testimony on the part of private colleges, and Marsha's on behalf of the Mayo Medical School, outline one of the most difficult issues before this subcommittee—that of how best to respond to financial needs of students at institutions where tuition costs are high and how best to help those students minimize debt at the conclusion of their degree.

I appreciate the specificity of your testimony in listing some of the things you feel might help.

Is there a need for perhaps an entirely different kind of financial aid program, or can we meet the needs in higher cost institutions just by a restructuring of the existing programs?

Ms. HALL. We're comfortable, actually, with the loans that are available if in fact more moneys were allocated. For instance, GSL, the cap now is $5,000 a year for a student. If that was increased with the current interest rate and the option to pay that over perhaps a 15-year period those students can manage.

The HEAL and PLUS loans in addition are good loans providing there would be some subsidy in order that the interest was not accruing during the time the students were in medical school. I think these are the two loans that become very unmanageable for graduates because in their residency training years, which in some cases is up to 5 years, they are making not enough money to really get into the repayment of these loans.

Dr. OSNES. We have not made a suggestion for a total restructuring of the financial aid programs. I think you undoubtedly know from the spokespersons from our national organization we do have general concern, however, about the amount of loans and indebtedness that students at private colleges—not only in Minnesota but across the country—have because many of these students are facing graduate school or professional school after they graduate and if they have accumulated large amounts of loans, especially with unattractive conditions, then their options become very limited at the time of graduation and we find that a significant concern and one that we would want you to think about very seriously before a major restructuring.

Mr. PENNY. Have you had any experience at Mayo Medical School with the Federal program to encourage practice in rural communities or other regions where health care professionals are not presently available and, if so, how do you feel about the effectiveness and the worthiness of that program?

Ms. HALL. We do have students right now and always have had students who participated in the National Health Service Corps. We continue to have students request or try to get into that program. Of course that's nearly impossible today.

We think it's good. We have in the past advised students that that would be a route to go and have found students to be very comfortable and happy in that setting. Typically, those are students who have come from low-income areas but they are the kind of students who want to go back and practice in that kind of setting.

Mr. PENNY. Steve, do you have any questions?

Mr. GUNDERSON. Yes; I'm going to ask you a public policy question that I happen to have had thrown at me yesterday by one of my colleagues. This is not meant in any way in a challenging or negative sense, but I would be interested in your response.

What ought the role of the Federal Government be? Ought it be to provide access to higher education or access to any institution of higher education regardless of the cost? What would your reaction or response be, Doctor?

Dr. OSNES. Mr. Gunderson, I think fundamentally that is an important question and one that does not have a simple answer. I will speak from the perspective of private colleges.

Mr. GUNDERSON. I would like you to.

Mr. OSNES. I think one has to consider in the formulation of that kind of public policy whether or not private colleges and universities make a contribution to society, and then measure that contribution in some careful way in terms of the kind of response that the government has back to those kind of institutions.

Just take the State of Minnesota, for example. If one looks at the State contribution to the private colleges and the contribution that the private colleges make to the State, I think it's somewhere in that balance. It's that kind of balance that brings the focus to the way public policy ought to be drafted.

I'm responding to your conceptual question with a frame of reference and that is our point of view would be the private colleges make a significant contribution to the State. The private colleges make a very significant contribution to this Nation, and to say that

the country has no responsibility in any way to keep them viable, healthy, quality oriented and make it possible for students to choose that particular kind of education I think that would result in bad public policy.

But if somewhere in that balance of the contribution that private colleges make to the country, if the country recognizes that contribution as they historically have done for any number of years, as we all know, it's somewhere in that territory that public policy ought to be drafted and it's in that arena, of course, that we would like to participate with you in advising what that balance is.

Mr. GUNDERSON. Marsha, you indicate in your testimony the concern about the amount of indebtedness that a medical student has incurred as he or she completes their training.

Do you have any suggestions as to how to deal with that? Are you talking about grants? Are you talking about some other way in which we can reduce the indebtedness?

Ms. HALL. I think for lower income students and for minority students certainly we would be talking about grants. These students sometimes even a reasonable debt load for a majority student b[illegible]s an unmanageable debt load for a minority or low income [illegible] who has had no experience with that.

[illegible] other students, I think we are talking about more reason[illegible]loans, better repayment options, maybe graduate repayment scale, interest rates that aren't accruing during medical school or interest rates which may accruing but at lower than 13 percent and at one time 19 percent if they were taking out HEAL loans.

I think that certainly not the majority of our students in medical school need scholarships, but without some scholarships we are going to lose the diversity that we so need in medical education and thus in our physician group.

Mr. GUNDERSON. Thank you.

Mr. PENNY. You suggested the possibility of a graduated repayment schedule and I asked an earlier witness, Richard Hawk, about his endorsement of a graduated interest rate.

Is it your view that the interest subsidy should be cost borne by the Government, or that in that repayment schedule the Government recover the amount that they cover in interest during the time the student is in school?

Ms. HALL. I can refer directly to HEAL or PLUS loans. I think what would be more comfortable or more manageable, rather, to graduates is that part of that interest, not total—I'm not talking about an additional GSL type of loan, but that interest rate that they are incurring while they're in medical school be less than what we see it today, and that it's not a floating rate depending on the 91-day Treasury bill.

As far as the graduated payment, I think we're talking there about once the student gets into—the graduate gets into practice, which is more typically than not 3 to 5 years after they graduate, they will be in an income level where they can better afford now a higher repayment schedule, one that they could not handle or could not manage maybe during the residency training.

Mr. PENNY. Mr. Hawk mentioned that an income based repayment schedule would be too burdensome to implement in an across-the-board manner.

Given the fact that we don't have a large number of students in medical or other professional programs, would that be something that would be worth consideration?

Ms. HALL. I don't think so.

Mr. PENNY. I thank you each for your testimony today and we'll move along to the next group of panelists.

The next panel is financial aid, Gordon Trisko, financial aid director, Rochester Community College; David Longanecker, executive director, Higher Education Coordinating Board; Leonard Wenc, financial aid director at Carleton College; Robert Matuska, financial aid director, Mankato State University; Tanya Prindle, financial aid director, Winona Area Technical Institute.

STATEMENT OF GORDON L. TRISKO, FINANCIAL AID DIRECTOR ROCHESTER COMMUNITY COLLEGE

Mr. TRISKO. I'm Gordon Trisko, financial aid director, Rochester Community College and you can throw out my written report. I will speak off the cuff very briefly, just a few comments.

First of all—and by the way I received yesterday afternoon a copy of the bill. When I wrote my comments I really didn't have the information I wish I would have had to do so.

First of all, from what I understand of the reauthorization bill I am somewhat concerned over one major item and that is the additional billions of dollars called for to meet the costs of reauthorization.

Now I have reservations, and to coin a bad phrase, I don't think it will play in Peoria. I don't think it will get to the Senate as it is now. I don't think the President will sign it, unless there's a new one in the office by the time it gets to him, so I think that we face problems right to begin with.

I am very concerned with this bill if the money is not there. If the bill passes and it is not funded at the levels requested, I think we have some serious problems for a lot of different schools.

In regard to some specific items, I'm concerned about the Pell Grant Program and I note there's a move to regain the 50 percent limitation. That would affect a lot of schools. My system, for example, the community colleges, the area of vocational schools would be affected, and even with the 75-percent limitation we would somehow be affected because our budgets aren't quite that high. Even though our budgets are high and they should not be high, of course, for our schools but we are forced into a system where costs are very high at community colleges and vocational schools.

I'm concerned about the Pell Grant Program, and I'm concerned that many of our students actually will find their Pell grants reduced. Again this will be based on the amount of money available, so this is of concern to me.

I'm concerned about the block grant program and the formula for awarding funds under that program. I think the small schools, the so-called low-cost schools, will suffer because of that program and, as you know, the funds for that program will be reduced by 10

percent a year or may be reduced by 10 percent a year. I can see for a lot of schools, low-cost schools, that those funds will disappear over 3 or 4 or 5 years. There will simply be a phaseout of this program and this, of course, will go along with the current administration's proposal to phaseout those programs altogether.

I think the work-study proposal is good. I have questions about the independent student definition. I think that's going to cause us a lot of paperwork and a lot of headache. I would like to see that refined further, especially the part about having to prove that they made $4,700 or whatever it is for the prior year. I can see a real difficulty in that one for those of us out there in the trenches who have to deal with these people every day.

I think I agree with Dr. Stark who this morning said, I think what we have is not so bad, let's refine and let's do some things with what we have.

I've been in this business almost since the conception of the 1965 amendment and I still don't think the Office of Education really has its finger on the program and really has it under control. If they do, we're just getting to the place where we know what we're doing. I would hate to see major changes take place and I would hate to have to see another 15 years for these new programs to get to the point where we know what we're doing and can do the job that we're supposed to be doing out there.

I guess, very briefly, this is my feeling on the bill. I think that I will correspond with Congressman Penny at a later date with some additional ideas. I have several ideas as to how to refine the current program and of course we need some additional dollars, not the billions called for in this bill, but a few hundred million I think would help, and then some cuts in paperwork and redtape and open funding dates, reobligation of funds, more flexibility between the programs of transfer which we now have between SEOG and work-study—I could go on and on with specific suggestions. I will list those and send a copy to Congressman Penny in the near future.

Mr. PENNY. Thank you, and we will see to it that those recommendations are added to the committee record.

Next.

[Prepared statement of Gordon J. Trisko follows:]

PREPARED STATEMENT OF GORDON J. TRISKO, FINANCIAL AID DIRECTOR, ROCHESTER COMMUNITY COLLEGE, ROCHESTER, MN

Honorable Chairman, Mr. Simon, and honorable members of the Subcommittee on Post-Secondary Education. My name is Gordon J. Trisko. I am Financial Aid Director at Rochester Community College, Rochester, Minnesota.

First let me say that I am honored by being here today to share with you some of my meager ideas on the reauthorization of the Higher Education Act of 1965, funding for student financial assistance, and current student aid programs.

I would like to begin by commending you, Mr. Chairman, for your interest in and your hard work in the past in making it possible for millions of American to continue their educations beyond high school and to work towards their attempt to realize the "American Dream".

That our country has been so generous and so willing to help those in need, I think, speaks for the high level of leadership in our Congress and the genuine desire to make the impossible, possible for so many young people. I think nothing epitomizes what America is and stands for more than the action to make post-secondary education available to all who wish to pursue it. I only hope that our leaders who

follow you people, before me today, will have your intelligence and your empathy for helping those who can not always help themselves.

I would now like to speak to the recommendations of the Reauthorization Bill and my feelings as to what I think we in the financial aid area favor in this regard. First, Mr. Chairman, I, and I think many of my colleagues, at least in the community colleges, have reservations about the specifics of the new bill. Generally, we are gravely concerned about the overall additional billions called for to fund the programs of the new bill. We are certainly aware that more dollars are solely needed for higher educational assistance; yet we are aware that politically speaking, it just seems that large increases in higher educational funding are just not feasible at this time. We are afraid that such a jump in funding would face severe opposition in the Senate and almost certain veto in the Oval Office—unless, of course, a philosophical change occurs prior to the final inactment of such a measure.

Some specific concerns, Mr. Chairman, deal with the dramatic changes in the Pell Grant Program, as well as other specific changes. In the Pell Grant Program, although the entitlement concept and the dramatically increased funding look beautiful on paper, there are concerns among those of us in the trenches. Speaking now as a community college financial aid officer, I have grave concerns about how the changes would affect students attending the so called "low cost" institutions such as community colleges and vocational-technical schools. I say so called because if you look at my school, Rochester Community College, you will find that it costs a student who has to rent, more to attend RCC than to attend a state university, or even the University of Minnesota, if the student resides in a dormitory. Our tuition at $24.50 per credit hour puts us up with some quite high cost institutions, and living costs are very high in our area. So you see, we are not a low cost institution; yet your proposal for the Pell Grant Program—if I understand it—would actually reduce the amount of Pell Grant many of our students now receive. It seems to me that the new proposal would reduce the grants for students attending the so called low cost schools, while dramatically increasing them for students at the high tuition institutions, even though students at both types of schools need funds to be able to go on to post-secondary education.

Please keep in mind that community colleges and vocational technical schools enroll a large majority of low income, high-need students. If, in fact, the new Pell Grant Proposal would lower the amounts of grants to these students, then I would have no choice but to wholeheartedly oppose it.

Furthermore, if the one-half limitation provisions are not lifted, our students would not share in any major increases in Pell Grant limits. If this bill passes, it is imperative that the one-half limitation be removed, or at a minimum, increased to 75%.

In speaking to the concept of a block grant program, it is my feeling that such a program would be excellent if, of course, the dollars are there to make such a program really feasible. It is my concern and that of many of my colleagues that such a change as the block grants concept will be the first step in the phasing out of the college-based programs and that we will end up with the current administration's one grant, one loan, and one work program recommendations. Further concerns deal with how the block grants will be awarded and who will determine who gets what?

Other aspects of the reauthorization proposal which would simplify the whole process of student aid delivery, speed up the awarding of funds to institutions, make students more aware of what is available and how to apply for it, are all definitely needed. Such improvements, however, could be made in existing programs at small cost to the federal government and need to be done whether reauthorization changes current programs or not. Whether the programs are changed or not, another issue which all of us are concerned with is the definition of "Independent Student". I think that most of us are very much aware of this problem and attempt to verify questionable cases. However, we are seeing more and more cases of what I think are outright fraud, with parents actually perjuring themselves and signing non-support documents which are not true. Our problems deal with enforcement. Who is going to follow up and prosecute such suspected cases? The institution doesn't have the resources or the gumption to do it. I think that if the federal people would follow up and actually prosecute some of these cases and publicize it nationwide, we would suddenly see much less of it. We certainly found that when the federal government got tough on loan defaulters, the numbers of defaulters dropped dramatically, especially when nationwide publicity made an issue of the new get tough policy. I think that we need the same with the independent student problem. We, in the trenches, have a pertty good idea who the problems are in this area. Our problem is that we can't do much about it. Here is where the federal gov-

ernment could really do a service for us. What I am saying, I guess, is that perhaps we do not need a new hard and fact definition coming from Washington, but rather enforcement from Washington for what we already have in place.

The problem if student loans is, unfortunately, one which will be with us for a long, long time. Too many students borrowing too much money is a sad fact of our times, I think. I agree that more grants and work would be nice, but let's not kid ourselves. Unless world peace is declared tomorrow and everybody begins to disarm, it just isn't going to happen. There just will never be enough grant and work money available to help all who need it. So loans we will probably always have with us.

In speaking specifically to the reauthorization proposal on loans, I must say that both myself and my colleagues in the community colleges oppose going to a completely need-based eligibility requirement, be that uniform methodology or some other methology. Those of us in the trenches already see hundreds of students where family income is slightly over thirty thousand dollars and the student is not eligible for the student loan. Yet, that student can not attend our school without financial help. Now, you may say that thirty thousand income is not a needy student? Well, first of all, the Guaranteed Student Loan Program was never designed for the really needy student—grants and work were supposed to take care of these. The GSL program was designed for the needy middle-class student who also needed some help if he or she was to be able to attend college. Your proposal to completely need-base the GSL program would slam the door shut on tens of thousands of needy middle-class students, the very students whose parents are hit so hard with our unfair income tax system, and who pay the majority of the taxes collected by the United States Government. If I were a middle income parent—thirty to fifty thousand yearly income—with college level children, I would organize to vote the scoundrels out of office who robbed me of my hard earned income for taxes and then slammed the doors of educational opportunity in the faces of my childern.

Finally, I feel I must speak on another aspect of the reauthorization bill. This deals with the proposal to designate tens of millions of dollars to specific institutions. I must state that I oppose such actions wholeheartedly. I think that with the billions of dollars already poured out over the past twenty to thirty years, that no more such special interest grants should be given. What has happened to the tens of billions which have been given to special interest areas over the years? Was not this largesse supposed to make everybody equal? Is the fact that it is felt that tens of millions more are needed a confession that the earlier billions were wasted or not used as they were supposed to have been? Again, I oppose additional millions to special interest areas. Now it is one group, tomorrow how many? I believe with what has been done, any further funds should go to students, not institutions. Let institutions of post-secondary education sink or swim. We have far too many in this country, and it is inevitable that many will not make it. So be it. Let the survivors do so on their merit, not on federal handouts.

In summarizing my remarks on reauthorization, I would say that my brief remarks may be and can be construed as opposition to the current reauthorization bill. It is my feeling that the current programs—which have taken so long to mold—are now just well under way. At this time we do not need striking new changes in student aid programs, but rather some minor changes in existing programs, and, of course, an infusion of additional dollars. Not billions, mind you. Just a few extra hundred million.

A new, controversial program will take years to get to the place where our existing programs now are, even if such a program passes the Congress and is signed by the President. Rather than taking such a big gamble, let's keep what we have, and let's refine what we have in several ways. First, of course, more dollars are a must. When one thinks of the cost of one B-1 Bomber and realizes that one B-1 represents the Supplemental Educational Opportunity Grant Program funding for the entire U.S.A. for one year, wow! Just think. Compare five M-1 tanks or five F-15's or 16's to the college work-study program funding for a year. Or take those $30 screws and the $1,000 aluminum ladders the defense department purchases by the tens of thousands each year. Holy cow! Don't get me wrong. I'm a patriotic American and believe in a strong deterrent, but folks let's clean up the act, cut the waste and fraud at every level, including the defense department, and let's use the billions saved to increase educational opportunities to lower the horrendous deficit. Gentlemen, we are talking peanuts when we talk financial aid funding. Let's emulate defense and begin talking dollars.

In addition to increased funding, let's improve what we now have by cutting red tape and paper work. Let's speed up the awarding of funds to institutions.

Let's have the flexibility to reallocate funds to institutions needing them at least twice a year at times when use can be made of such funds. Let's have flexibility by

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allowing up to a 20% transfer between programs, including National Direct Student Loan Program, Supplemental Opportunity Grant Program, and College Work-Study Program. Let's have flexibility to obligate and deobligate funds between schools within a state and within a system, i.e., one community college in Minnesota to another, with Regional Office approval, of course. Restore loan consolidation procedures and allow longer repayment periods for some. Use IRS for slackers. Our Government helps foreign countries by paying banks overdue interest owed by countries. Why can't they come up with something like this to help their own citizens. Allow work-study students to work in the real world, the private sector, with the employer paying at least 50% of the earnings. Increase carry forward or backward amounts in the work-study program.

I could go on and on with specific proposals to greatly improve what we already have. It is my contention that this is the way to go. Let's build a few less B-1's, M-1's, F-15's, and 16's, Pershings and MX's, and let's increase educational spending just a bit. The real future of this country is with its young people. They are the resource which will make or break the USA in future years. We can not and must not forsake them. Thank you for lending an ear. May you be guided by the Power that is greater than all of us, and may your decisions be the right ones.

STATEMENT OF ROBERT MATUSKA, DIRECTOR OF STUDENT FINANCIAL AIDS AT MANKATO STATE UNIVERSITY

Mr. MATUSKA. My name is Robert Matuska. I'm director of student financial aids at Mankato State University, one of seven universities in the Minnesota State University system. The system has an enrollment of about 44,000 students, with over 14,000 students attending our institution. Approximately 7,500 of our students receive financial aid.

I appreciate the opportunity to express my views, and I especially want to thank Congressman Penny for asking me to participate. I also wish to thank you for your support of student financial aid programs and leadership in the reauthorization effort.

I must state, though, at this point that I only received the bill yesterday and so as I proceed along I will be making inserts in my prepared testimony. The testimony was prepared based on summary data and association information, et cetera.

My presentation will cover the following topics: The adequacy of existing aid programs, proposed changes in the title IV Higher Education Act, and the delivery system for Pell grants.

The title IV student aid programs have served students reasonably well. I have, however, several areas of concern regarding the program which I would like to share with you.

One is essentially the funding for work-study. About 5 years ago work-study covered 2 percent of our student costs. This has decreased such that now it covers only 1 percent. Pell grants and SEOG's now cover 7 percent of our cost versus 5 percent 5 years ago. This is an increase of 2 percent, obviously.

During the same period, our students have been forced to borrow $5.7 million more in NDSL and guaranteed student loans, and within our system our students have borrowed now such that in 1982-83 their borrowing was over $37 million, just in that academic period.

The increase in Pell and SEOG is tempered by the fact that the percentage of students in the low-income sector participating in the program at MSU seems to be eroding. Five years ago 10 percent of our applicants had incomes of less than $6,000. In 1982-83, this has been reduced to 7 percent.

My opinion regarding this is that these data tend to support national findings that the title IV programs are not increasing enrollments of students from the low-income sector.

As we approach reauthorization of the title IV programs I believe it is imperative that we ensure access to post secondary education for students from the low-income families. The problem of access will not be solved by simply changing the program. This can only be accomplished by significant increases in funding, especially for grants and work-study.

With the above in mind, please allow me to comment on several major reauthorization issues.

I believe the proposals to establish the Pell grant as an entitlement with a minimum award of $3,000 and increasing the award ceiling to 57 percent of tuition plus an allowance for nontuition expenses are sound and should be adopted.

However, a reasonable allowance for nontuition costs must be included and I have my concerns regarding the current bill in that I do not believe that current allowances within that bill are adequate for nontuition costs incurred by the students.

Finally, adequate funding should be provided to allow families of moderate means to retain grant eligibility.

Work-study is, in my opinion, the most valued of all the programs and deserves greatly increased funding. The supposed linkage between Pell grant recipients at the institution and work-study allocations appears sound and supports the principle of access.

However, including guaranteed student loan recipients in the formula may not support access as I see it, and I would have a similar reaction to the linkage between allocation and Pell grant and guaranteed student loan recipients for the Black Grant Program.

The black grant concept appears acceptable as long as funding levels do not slip below current appropriations for those programs. I do, however, recommend that institutions be given one additional alternative and that is that they be allowed to invest their NDSL collections instead of placing them in the new student loan program, and that they be allowed to use the income from that investment for grants or to expand work opportunities.

The term "exceptional financial need" appeared in the SEOG section of the proposal, at least in the grant section, in the black grant. In the interest of simplifying the programs, I would suggest this be removed. However, in reading the bill it would appear to me that it has been. I would reemphasize that for simplicity's sake we should remove that terminology.

Basing guaranteed student loan eligiblity on a needs test seems reasonable. I have never understood why a family with an annual income of $30,000 was automatically eligible whereas a family making $1 more had to undergo a needs test.

In a recent "Dear Colleague" letter, however, Secretary Bell indicated that the administration is proposing the use of a needs analysis for guaranteed student loans. I would find the use of the needs analysis to be unacceptable.

Before leaving the subject of student loans, I would strongly urge the early adoption of a loan consolidation program to replace the expired options program.

Also, I would not oppose moderate increases in borrowing limits. However, I must emphasize that even with the current limits our students at Mankato State, our graduating students incur—25 percent of our graduating students incur loan debts of $5,000 or more.

My final remarks concern the Pell grant delivery system. Simply stated, the current system is a nightmare. I strongly recommend the system be decentralized and the following changes enacted.

No. 1, authorize the national needs analysis services to calculate the student aid index and communicate this index through methods already in place to schools identified by the student.

No. 2, authorize the national needs analysis services to perform the validation edits, identify applications which require validation and communicate this to the institutions.

Finally, No. 3, authorize schools to recalculate the student aid index based on supporting documentation, with such recalculations subject to audit.

I will conclude my testimony at this point and wish to thank you again for providing me this opportunity to present my views.

I can assure you that your continued effort to expand access to postsecondary education is sincerely appreciated.

Mr. PENNY. Thank you, Bob.

[Prepared statement of Robert Matuska follows:]

PREPARED STATEMENT OF ROBERT MATUSKA, DIRECTOR, STUDENT FINANCIAL AID, MANKATO STATE UNIVERSITY

Mr. Chairman, my name is Robert Matuska. I am Director of Student Financial Aid at Mankato State University, one of seven universities in the Minnesota State University System. The System has an enrollment of about 44,000 students with over 14,000 students attending our institution. Approximately 7,500 of Mankato State's students receive financial aid.

I appreciate the opportunity to express my views before you and especially wish to thank Congressman Penny for asking me to participate. I also wish to thank you for your support of student aid programs and leadership in the reauthorization effort.

My presentation will cover the following topics: (1) the adequacy of existing aid programs, (2) proposed changes in Title IV of the Higher Education Act, and (3) the delivery system for Pell Grants.

The Title IV Students Aid Programs have served students reasonably well. I have, however, several areas of concern regarding these programs which I would like to share with you today.

Current student earnings through College Work-Study at Mankato State are over $200,000 higher than 1978–79 earnings; however, Work-Study now meets only 1% of total student costs compared to 2% in 1978–79. During this same period, annual borrowing by students through the National Direct and Guaranteed Loan Programs has increased by almost $5.7 million.

The total Supplemental Educational Opportunity and Pell Grants received by Mankato State students has grown by $2.8 million and now meets about 7% of student costs, an increase of 2% compared to 1978–79. This growth is tempered, however, by a reduction in the percent of applicants from low-income families. In 1978–79, 10% of the families of our aid applicants had incomes less than $6,000. This declined to 7% in 1982–83. These data appear to support national findings that the Title IV Financial Aid Programs have not increased the post-secondary enrollment of students from the low-income sector.

As we approach Reauthorization of the Title IV programs, I believe it is imperative that we ensure access to post-secondary education for students from low-income families. Also, the problem of access will not be solved by simply changing programs. This can only be accomplished through significant increases in funding especially for grants and Work-Study. With the above in mind, please allow me to comment on several major reauthorization issues.

I believe the proposals to establish the Pell Grant as an "entitlement" with a maximum award of $3,000 rising annually depending on the Consumer Price Index,

and increasing the award ceiling to 75% of tuition costs plus an allowance for non-tuition expenses are sound and should be adopted. However, to ensure adequate funding for students whose non-tuition costs exceed tuition costs, a reasonable allowance for non-tuition costs should be included. Finally, adequate funding should be provided to allow families of moderate means to retain grant eligibility.

Work-Study is, in my opinion, the most valued of all the programs and deserves greatly increased funding. The proposed linkage between Pell Grants recipients at the institution and Work-Study allocations appears sound and supports the principle of access.

The block grant concept for SEOG, NDSL and SSIG funding appears acceptable as long as funding levels do not slip below current total appropriations for all programs. I recommend that institutions be given the additional alternative of investing all or a portion of their NDSL collections, and using the income for grants or expanded work opportunities. The term "exceptional financial need" appears in the SEOG section of the proposal. In the interest of simplifying the programs, I would suggest this be removed.

Basing Guaranteed Student Loan eligibility on a needs test seems reasonable. I have never uderstood why a family with an annual income of $30,000 was automatically eligible, whereas a family making one dollar more had to undergo a needs test. In a recent "Dear Colleague Letter", Secretary Bell indicated that the administration is proposing the use of a needs analysis for Guaranteed Loans. I would find the latter unacceptable.

Before leaving the subject of student loans, I strongly urge the early adoption of a loan consolidation program to replace the expired OPTIONS Program. Also, I would not oppose moderate increases in borrowing limits. However, even with the current limits, over 25% of our graduating students incur loan debts of $5,000 or more.

My final remarks concern the Pell Grant delivery system. Simply stated, the current system is a nightmare. I strongly recommend that the system be decentralized and the following changes enacted:

(1) authorize the national needs analysis services to calculate the Student Aid Index and communicate this index through methods already in place to the schools identified by the student.

(2) authorize the national needs analysis services to perform the validation edit, identify applications which require validation, and communicate this to the institutions, and

(3) authorize schools to recalculate the Student Aid Index based on supporting documentation with such recalculations subject to audit.

Since time does not permit my addressing other areas, I will conclude my testimony at this point. Thank you again for providing me this opportunity to present my views. Let me assure you that your continued efforts to expand access to post-secondary education are sincerely appreciated.

STATEMENT OF TANYA PRINDLE, FINANCIAL AID DIRECTOR, WINONA AREA TECHNICAL INSTITUTE

Ms. PRINDLE. My name is Tanya Prindle. I am the financial aid director at Winona Area Technical Institute.

I will at this time just capsulize my thoughts, some of which will be similar to the written statement that you have before you and some just a tad bit different.

First of all, in the area of the Pell Grant Program, I, too, feel that the program at this point in time is somewhat of a nightmare and if we could get the procedures to work a little bit smoother for us, we would all be that much happier on a daily basis.

My concern with the Pell Grant Program at this time is that since there have not been any significant increases made to the program in dollar figures since fiscal 1979, I would strongly recommend that we could somehow, some way, channel some additional dollars into that program.

We at the AVTI over the last 2 years in particular have incurred tuition increases in excess of 70 percent and that's only in 2 years and that's almost abhorrent to think of because our students are just reeling from those effects and if we could do something such as

increasing the Pell Grant Program dollar figure I believe that that would help our students a great deal.

The block grant issue at this time, since I have not studied it in detail, my initial feelings on it are such that I would not like to see that happen at this point. It involves one of the programs that I use extensively for independent and nontraditional students when, we do not apply or cannot apply and do not receive Pell grant, the SEOG Program, and I'm very happy to see that in the past when that particular program was bantered about as being eliminated that at this point that hasn't occurred and I would really urge that we keep that program for a number of different reasons for a number of different institutions.

On the issue of the guaranteed student loans, I too do not believe that it is necessary or adequate or at all within the reality of the world today to have the needs test done as it is being proposed.

If anything at this point, my personal professional feelings would be such that maybe an increase in the income level such as to a $50,000 level might be proposed and up to that point then people are eligible for it.

I did make some comments about the Guaranteed Student Loan Program in my original statement that had to do with the past administration proposals and I don't believe that one sentence is clear where I strongly opposed a 5- to 10-percent increase in the fee origination and not having graduate students eligible and so on, and that is in reference to the Reagan administration proposals in 1982, not the present Simon proposals. I just wanted to be sure that that was understood.

In summary I would like to let you know that 75 percent of our 676 AVTI students do receive some type of financial aid and without that help we really do feel that our populations would decline, and we really urge you to continue the system as it is with some fine tuning of the programs.

Thank you for your time.

Mr. PENNY. Thank you.

[Statement enclosing comments from Tanya Prindle follows:]

STATEMENT OF TANYA PRINDLE, FINANCIAL AID DIRECTOR, WINONA AREA TECHNICAL INSTITUTE

In response to the proposed reauthorization of the Higher Education Act of 1965 I offer the following comments.

(1) Pell Grant Program: As there have been no increases to this program since FY 79, I feel there should be serious consideration given to implementing changes in this area only in the form of added dollars. The additional monies should be used to offset the ever increasing costs of obtaining an education. Particular attention should be given to the rising costs of off-campus accommodations, often the only type available to entire student bodies.

(2) Supplemental Education Opportunity Grant: This fund is extremely important at our institution for independent and nontraditional students who are unable to receive other forms of assistance. It is sometimes the only way a student is able to continue his/her education. As the population of post secondary students change in composition, we must be able to offer some type of aid to help these people. This program is my choice.

(3) A consolidation of the Supplemental Education Opportunity Grant, State Student Incentive Grant and National Direct Student Loan programs into a Block Grant program may be difficult, unless a very explicit formula is developed to insure equitable treatment of differing populations. However, if a system can be developed that could ensure equal access to all students, further study of this proposal may be justified.

(4) The "Independent Student" status issue each year becomes more difficult to deal with. As parents and students begin to learn more about the financial aid system, more questions are asked and more decisions are made based upon the answers to those questions. The issue of independency has always been in the forefront, and I assume, will continue to be. The proposal made by Congressman Simon should be given serious consideration as it deals with the very crux of eligibility for receiving financial aid—whether the applicant is needy or not.

(5) Guaranteed Student Loan Program: As this is the only true entitlement program available to post secondary students, any changes contemplated should be reviewed in depth before final decisions are made. Requiring all applicants to show a demonstrated need will burden those families unable to receive any other type of aid. I firmly oppose such items of consideration such as elimination of the in-school interest subsidy, increasing the origination fee from 5 to 10 percent, and denying loans to graduate students. At this time, there appears to be no practical alternative to this important program.

(6) The creation of the National Center for Postsecondary Education Opportunity is indeed a positive approach to increasing student and family awareness of potential eligibility for financial aid. However, we in the field of financial aid do everything possible in the way of public workshops and giving informational lectures to a variety of populations that time allows us. We make a conserted effort to relay the changes and procedures to our "families" as quickly as we receive information. Using monies that could be spent in other areas of financial aid for a Center of this type should be researched a great deal before committing funds to such a project.

In summary, as costs have continued to increase, aid has not kept pace with those increases. At Winona Area Technical Institute approximately 75% of our 676 students receive some type of aid for the 1983-84 school year. Without the dollars available to them our population would most certainly decline. In the past two years alone tuition has increased by 60-70% while aids have stayed the same or decreased. Whether to obtain a specific skill, or broaden an idea, each student should have some avenue to pursue in trying to obtain some type of aid for furthering their education.

STATEMENT OF DAVID A. LONGANECKER, ACTING EXECUTIVE DIRECTOR MINNESOTA HIGHER EDUCATION COORDINATING BOARD

Mr. LONGANECKER. Representative Penny, Representative Gunderson and others, I'm Dave Longanecker, acting executive director of Minnesota Higher Education Coordinating Board and I appreciate the opportunity to meet with you today.

I'm going to give you an abbreviated version of the testimony I have provided to you.

This morning Mr. Chelseth, president of the coordinating board, described the board's composition and purposes. He also provided four general suggestions for you to consider as you deliberate reauthorization of the Higher Education Act.

First, he urged you to reassess the Federal Government's areas of responsibility in post secondary education. Second, he urged you to redesign your Federal programs to accomplish those areas of highest priority. Third, he urged you to recognize that we live in an era of limits, and, fourth, he urged you to recognize that you're not the only actors in this game. I will build upon Mr. Chelseth's testimony by describing how some specific current and proposed Federal efforts measure up in these four areas and to do so I'm going to focus on two of the four areas that I've covered in my testimony.

I'm going to look at the issue of student dependency and the issue of the role and scope of the guaranteed student loan program, principally because those were the two that Congressman Simon requested that I address in his letter. I believe that in fact the issue of the role and scope of the Pell program is extremely impor-

tant and would obviously be more than glad to discuss that in questions.

Let me first address the issue of student dependency. This issue has been discussed and debated vigorously in Minnesota for the past 2 years. As you know, students today can declare themselves financially independent of their parents if they meet a series of criteria, the most significant of which is that they claim themselves as a tax—independent of taxes for the year in which they are enrolled and for the prior year.

In the past, Minnesota has applied these Federal criteria to the State programs as well, and for many years these criteria provided a reasonably proxy for accomplishing their intended purpose, that is, distinguishing between those students who depend on their families for financial resources and those who do not.

To my knowledge, it was never the intent at the Federal level to encourage students to emancipate themselves from their parents. Indeed, a principal tenent of financial aid has always been that parents, where they have the resources, have a responsibility to assist in educating their children.

Unfortunately, what has worked for many years as a reasonable proxy for distinguishing between financially dependent and independent students is no longer working well. The current definition essentially holds parents accountable only if they wish to be and given the options, particularly in a State such as Minnesota that provides significant financial aid in addition to what is available through the Federal programs, there is a very strong incentive for families to move away from accepting the responsibility.

In Minnesota, for example, the decision to encourage a student to emancipate himself financially can amount to more than $3,500 a year just in grant assistance alone. That's through the combination of just the Pell grant and the State grant. You can see that's one heck of an incentive.

Based on Mr. Chelseth's four points, then, how does the current Federal definition stack up. First, at least at present it is not clear what the Federal purpose is.

If, as I suspect it is, the Federal purpose is that families are expected to contribute where possible, then the current policy is ill-suited as would be the proposal in H.R. 5240. It is simply too easy and the incentives are too strong for students to emancipate themselves financially under the current definition.

Second, the current definition is clearly not designed for an era of limits. Students from families that advocate their responsibility benefit at the direct expense of those students who legitimately have no resources to draw upon because their families simply don't have that money and so the resources must be spread more broadly and those students who really need the money receive less.

Finally, the current Federal student dependency requirements ignore other actors. Parents are given a strong incentive to deny their responsibility and generous States simply cannot afford to help students who for all practical purposes have access to adequate resources.

What, then, are the options available to address this issue? H.R. 5240 would provide only modest assistance in reinforcing either the idea that parents should contribute to the support of their children

or helping those States that are trying to target their assistance on the most needy students and the most obviously independent students.

By contrast, in Minnesota the coordinating board has adopted a policy fashioned after the policy developed in New York State that essentially presumes parental responsibility through the traditional undergraduate years. In effect, students 22 and under would be presumed dependent upon their parents except in very few exceptional cases.

This policy very clearly establishes the expected role of the family, the student and the State. The State fills in the family resources when the family does not have those resources, but it does not substitute for family resources in situations where the family simply prefers not to contribute.

I will skip my discussion on the Pell Grant Program and go on to the discussion on the role and scope of the Guaranteed Student Loan Program.

The good news about the guaranteed student loan program, and you've heard a fair bit of that today from Mr. Hawk and some others, is that it works. In Minnesota alone 92,000 students last year borrowed more than $190 million through this program so it is clearly a very important resource for education purposes in Minnesota.

Thirty-six percent of those funds were borrowed through the State's second-resort lender program operated by the coordinating board. Our records show that more than 90 percent of those students who borrow will repay their loans in full and without delay. Indeed this program is critical. It is critically important to the diversity of educational opportunities available in Minnesota.

The bad news, and you know this as well, is that the program costs the Federal Government a great deal, particularly during inflationary times when costs can escalate rapidly and thus potentially jeopardize funding for other critical programs, such as the Pell Grant Program.

The lesson in all this, I think, is that quality costs. A good student loan program requires a significant investment.

How well does the GSL Program line up on those four criteria that Mr. C[illegible]h was talking about? Quite clearly, it serves legitimate Federal purposes by both expanding educational opportunity and enhancing the diversity of educational opportunity available to students.

With respect to its reasonableness in an era of limited resources, however, it unfortunately faces two difficulties.

First, its cost by necessity are indexed to inflation so when there are troubles in the economy those troubles will trigger problems with rising GSL costs as well.

Second, inflation also fuels college costs as well and so increases the demand for student loans, once again pushing up the cost of the program.

Another problem with the current program is that it does not currently relate well to the needs and interests of other legitimate partners in the financing of a college education. By design, the program deals with the borrower illogically. No other loan that I know of predicates a borrower's eligibility on the circumstances of an ex-

ternal agent, but that's exactly what the GSL Program does. It determines access to the credit for the student on the basis of the borrower's parents' available resources. The parents are not going to repay the loan. The student is.

There are also serious flaws in the relationship between the States and the Federal Government with respect to GSL. Recent activities within the Department of Education, which I'm sure many of you are aware of, have essentially emasculated the State/Federal partnership that had been fostered in earlier reauthorizations.

State lenders which have served a critical role in making this program work are now precluded from full partnership in areas such as loan consolidation and the public purpose even of our State agencies have been challenged through the actions of the Department, such actions as the very rigorous and onerous requirements for submitting plans for doing business to qualify for the use of tax-exempt funds for our State programs.

So what alternatives are available? The National Council of Higher Education Loan Programs has already presented to the committee a series of recommendations addressing such issues as the balance between reliance on grants and loans, payments to lenders and guarantors, the importance of preserving lenders of last resort, the need for nonsubsidized student loans, and I would like to underline that one because I think that's a particularly important one in Minnesota, because we don't have that, in fact, we are developing a State program to essentially provide access to students who—not at a highly subsidized rate, I might indicate, but at least access to student loan funds—eligibility standards for subsidized GSL's, the use of tax-exempt financing, loan consolidation and extension, default prevention, insurance premiums and other issues.

Our organization, the Coordinating Board, is a member of NCHELP. I am currently secretary of that organization and we generally support the thrust of the NCHELP proposals.

The major problem with the NCHELP package is the major problem that I see with the Pell grant package in H.R. 5240, that its adoption would increase appreciably program costs. Thus it doesn't fare very well in the test of reasonableness in the era of limits.

In sum, I concur with what Mr. Chelseth was saying. That's not surprising, I suppose. He is my boss.

The Higher Education Act has contributed a great deal to postsecondary education over the past 20 years and continues to do so today.

When reauthorization occurs, however, tinkering with existing programs may not be enough, but now may not be the best time to aggressively pursue reauthorization.

To do so in the current fiscal environment may make it virtually impossible to accommodate the significant changes that should occur during reauthorization.

Thank you for the opportunity to appear before you today.

[Prepared statement of David Longanecker follows:]

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PREPARED STATEMENT OF DAVID A. LONGANECKER, ACTING EXECUTIVE DIRECTOR, MINNESOTA HIGHER EDUCATION COORDINATING BOARD

Mr. Chairman and Members of the Committee, I am David Longanecker, Acting Executive Director of the Minnesota Higher Education Coordinating Board. I appreciate the opportunity to meet with you today.

This morning Mr. Archie Chelseth, President of the Coordinating Board, described the Board's composition and purposes. He also provided four general suggestions for you to consider as you deliberate reauthorization of the Higher Education Act. First, he urged you to reassess the federal government's areas of responsibility in postsecondary education. Second, he urged you to redesign federal programs to accomplish those areas of highest priority. Third, he urged you to recognize that we live in an era of limits. And fourth, he urged you to recognize that you are not the only actors in the postsecondary arena and that your efforts are best served by working with the others who share your concerns.

I will build upon Mr. Chelseth's testimony by describing how some specific current and proposed federal efforts measure up in these four areas. To do so, I will focus on four specific reauthorization financial aid issues: (1) The issue of student dependency, (2) the issue of the role and scope of the Pell grant program, (3) the issue of the role and scope of the Guaranteed Student Loan Program, and (4) the issue of campus-based aid.

STUDENT DEPENDENCY

The issue of student dependency has been discussed and debated vigorously in Minnesota during the past two years. As you know, students today can declare themselves financially independent of their parents if they meet a series of criteria, the most significant of which is that they have not been claimed as a tax dependent for the year in which they are enrolled or for the prior year. In the past, Minnesota has applied these federal criteria to the state programs as well, and for many years these criteria provided a reasonable proxy for accomplishing their intended purpose—that is, distinguishing between those students who depended on their families for financial resources, and those who do not. To my knowledge, it was never the intent at the federal level to encourage students to emancipate themselves from their families. Indeed, a principal tenet of financial aid has always been that parents, where they have the resources, have a responsibility to assist in educating their children. Unfortunately, what has worked for many years as a reasonable proxy of distinguishing between financially dependent and independent students is no longer working well. The current definition essentially holds parents accountable only if they wish to be. And given the options, particularly in a state that provides significant financial aid in addition to what is available through the federal programs, there is a very strong incentive for families to move away from accepting responsibility. In Minnesota, for example, the decision to encourage a student to emancipate themselves financially can amount to more than $3,500 per year in grant assistance alone.

Based on Mr. Chelseth's four points then, how does the current federal definition of student dependency measure up? First, at least at present, it is not clear what the federal purpose is. If it is expected that families should contribute where possible, then the current policy is ill-suited as would be the proposal in House Resolution 5240. It is simply too easy and the incentives are too strong for students to emancipate themselves financially under the current definition.

Second, the current definition is clearly not designed for an era of limits. Students from families that abdicate their responsibility benefit at the direct expense of students who legitimately have no resources to draw upon because scarce resources must be spread more broadly.

And finally, the current federal student dependency requirments ignore other actors. Parents are given a strong incentive to deny their responsibility. And generous states simply cannot afford to help students, who for all practical purposes have access to adequate resources.

What then are the options available to address this issue? H.R. 5240 would provide only modest assistance in reinforcing either the idea that parents should contribute to the support of their children or helping those states that are trying to target their assistance on the most needy and the most obviously independent students. By contrast in Minnesota, the Coordinating Board has adopted a policy fashioned after the policy developed in New York State that essentially presumes parental responsibility through the traditional undergraduate years. In affect, students 22 or under would be presumed dependent upon their parents, except in very few exceptional cases. This policy very clearly establishes the expected respective role of

the family, the student and the state. The state fills in for family resources when the family does not have those resources, but it does not substitute for family resources in situations where the family simply prefers not to contribute.

THE ROLE AND SCOPE OF THE PELL GRANT PROGRAM

Without doubt, the Pell grant program is the single most important federal student assistance program, both because of the amount of funds it provides and because it focuses most directly on that area of highest priority to the federal government—that being the protection of equality of educational opportunity.

The program's principle purpose, has been to provide a foundation of grant assistance to the most needy students. Quite clearly, this is in line with the federal government's responsibility of enhancing equality of educational opportunity. During the late 1970's, however, the program lost some of its focus with passage of the Middle Income Student Assistance Act. It moved beyond being a progrm designed primarily to achieve equality of opportunity, adopting the additional role of trying to reduce the burden for middle income students as well. We are all aware of the results. Sufficient funding was never provided to cover the extended eligibility that resulted from MISAA. And, as a result, the most needy students in the program suffered a serious erosion in their benefits because limited resources were spread more thinly than they had been in the past. Quite clearly, MISAA failed the test of being reasonable public policy in an era of limits.

The program also tends to ignor the role of other partners in the financial aid arena. In operating the program, the Education Department seems to care little what problems its actions have on others. Late decisions on family contribution schedules have left states, institutions and students uncertain about what would be available through the program. Furthermore, planning for the program seems not to consider how others, such as the states, contribute to the same objectives being addressed by the Pell grant program.

So then what options are available? H.R. 5240 proposes massive increases in the Pell grant program. As the highest federal priority, quite clearly this foundation grant program should be the central focus of any federal policy initiative. It seems unrealistic, however, to suggest that funding could possibly approach the nearly 100 percent increase required to fully fund the H.R. 5240 Pell Grant proposal. So the Congress would again be faced with the dilemma it has faced in recent years—how to ration funds in a program that was designed without recognition of current financial constraints. Furthermore, because little attention was given to the role of others in financial aid, it is not clear that students would benefit all that much. Using Minnesota as an example, the state would benefit appreciably, but not students. Minnesota recognized with the reductions over the past few years that we could no longer rely solely on the federal government to assure equality of educational opportunity. As a result, the State has very significantly increased its need based aid. We take into account the federal portion, after having established what aid the student needs. Therefore, if you increase radically what you provide it will automatically reduce what the state provides. But in many cases the net price to the student will not change significantly. A wiser approach it seems would be to fashion a program in which federal increases lead to a net advantage to the student, not an advantage for either institutions or the states. Admittedly, it is a difficult task to develop a program that interfaces effectively with states like Minnesota that contribute heavily to student financial aid and also effectively relates to those states that contribute little. But the task should nonetheless be undertaken.

THE ISSUE OF THE ROLE AND SCOPE OF THE GUARANTEED STUDENT LOAN PROGRAM

The good news about the GSL program is that it works. In Minnesota alone 92,000 students borrowed $190 million in 1983. Thirty-six percent of these students borrowed through the state second resort lender program operated by the Coordinating Board. Our records show that more than 90 percent of these students will repay their loans in full and without delay. Indeed, this program is critically important to the diversity of educational opportunities available to Minnesotans.

The bad news is that the program costs the federal government a lot. Particularly during inflationary times, the costs can escalate rapidly and thus potentially jeopardize funding for other critical programs such as Pell grants.

The lesson in all this is that quality costs—a good student loan program requires a significant investment.

So how does the GSL program fit into the four suggested planning foci? Quite clearly, it serves legitimate federal purposes by both expanding educational opportunity and enhancing the diversity of educational opportunity available to students.

With respect to its reasonableness in an era of limited resources, unfortunately it faces two difficulties. First, its costs, by necessity, are indexed to inflation, so troubles in the economy triggered problems with rising GSL costs as well. Second, inflation also fuels the demand for student loans.

Another problem with the current program is that it does not currently relate well to the needs and interests of other legitimate partners in financing a college education. By design, the program deals with the borrower illogically. No other loan that I know of predicted a borrowers eligibility on the circumstances of an external agent. But the GSL program does; it determines access to credit on the basis of the borrower's parents available resources, not on the borrower's resources. There are also serious flaws in the relationship between the states and the federal government, with respect to GSLs. Recent activities within the Department of Education have essentially emasculated the state—federal partnership that had been fostered in earlier reauthorizations. State lenders, which served a critical role in making this program work, are now precluded from full partnership in areas such as loan consolidation. And the public purpose of our state agencies has been challenged through the presumptions implicit in the rigorous requirements for submitting plans for doing business and in the various proposals for constraining the use of the exempt funds for student loans.

So what alternatives are available? The National Council of Higher Education Loan Programs has already presented your committee with a series of recommendation addressing such issues as: (1) the balance between reliance on grants and loans; (2) payments to lenders and guarantors; (3) the importance of preserving lenders of last resort; (4) the need to increase loan limits; (5) the need for nonsubsidization student loans; (6) eligibility standards for subsidized GSLs; (7) the use of tax-exempt financing to provide student loan capitol; (8) loan consolidation and extension of repayment terms; (9) default prevention activities; (10) insurance premiums; and (11) issues concerning GSL program administration. Our organization is a member of NCHELP, I am currently secretary of the organization, and we generally support the thrust of the NCHELP proposals. The major problem with the NCHELP package is that its adoption would increase appreciably GSL program costs, thus it does not fair well in the test of reasonableness in era of limits.

THE ISSUE OF CAMPUS-BASED AID

To avoid redundancy, I am going to briefly summarize the current role and future possibilities of campus-based aid. Quite clearly the campus-based programs address an appropriate federal purpose—they simply provide a different method of delivery, intended to accomplish the same goals of equal educational opportunity to a diverse set of educational alternatives. The general concept makes sense—the Pell grant and state programs provide the foundation of aid, and the campus-based programs fill in the cracks. I also believe that the institutional block grant proposal proposed in H.R. 5240 makes sense. I would urge you, however, to examine the NCHELP proposal of allowing these funds also to be used by institutions for GSL capital.

In sum, I am concurring with Mr. Chelseth. The Higher Education Act has contributed greatly to post-secondary education over the past 20 years, and continues to do so today. When reauthorization occurs, however, tinkering with the existing programs will not be enough. But now may not be the best time to aggressively pursue reauthoriztion. To do so in the current fiscal environment may make it virtually impossible to accommodate the significant changes that should occur during reauthorization.

STATEMENT OF LEONARD M. WENC, DIRECTOR OF FINANCIAL AID, CARLETON COLLEGE, NORTHFIELD, MN

Mr. WENC. My name is Leonard M. Wenc and I am director of financial aid at Carleton College in Northfield, MN. I will try to paraphrase my written testimony for you and be as brief as possible.

I did assume my first position as director of financial aid in 1965 so I had the privilege to observe the growth and development of student aid programs at all levels—Federal, State, and institutional—over the years.

In retrospect, the history of Federal student financial aid is bound and woven together with state and institutional efforts in promoting access and choice.

Student financial aid, which grew dramatically in the 1960's and the 1970's is no longer keeping pace with the rise in college costs. After adjusting for inflation, the total real value of student aid decreased 21 percent during the 1980's.

At my institution, tuition costs alone rose 58 percent between 1980–81 and the current 1983–84 academic year.

The Federal Legislative Committee of the Minnesota Association of Financial Aid Administrators sought to document what has happened to the various sectors of postsecondary education in Minnesota when Federal aid funds are related to tuition and fee receipts. The results of the State association survey, which was undertaken last fall, is reflected in the chart attached to my written narrative.

Every sector indicated that the 1982–83 Federal aid funds as a percent of tuition and fee income was less than that for 1978–79.

It would be appropriate at this time to review a basic philosophical foundation of our student aid program. This should be first and foremost in any type of reconsideration or reauthorization.

First, parents have a fundamental and primary responsibility to contribute to the educational expenses of their children to the extent that they are able.

Second, students themselves, as the prime beneficiaries of their education, ought to assume a reasonable and manageable share of their educational expenses.

The Pell Grant Program is, and should continue to be, the foundation upon which Federal student aid commitment is built. Reauthorization should ensure that this program is carefully drafted to assure that public policy goals are met within realistic and pragmatic budget limitations.

Prudent attempts must be made to see that funds are directed to those students who, only after a reasonable expectation from their families, are deemed eligible for Pell grant systems.

A recent Dear Colleague letter of March 1984, signed by both Mr. Edward N. Elmendorf and Mr. Daniel R. Lyle of the U.S. Department of Education, addresses the validation procedure to be used in the 1984–85 Pell Grant Program.

The following statement is a direct quote from their letter and relates specifically to the independent student question. I quote:

> The largest applicant error in 1982-83 was wrongly claimed dependency status. If awards had been calculated with the correct financial information, program expenditures would have been reduced by almost $64 million.

Clearly, a firm but realistic definition of independent student status that would include an opportunity to verify such status would go far in seeing to it that scarce resources are prudently used.

Given the nature of our Nation's current fiscal dilemma, one must question the appropriateness of any expansion of benefits at this particular point in time.

The need to continue appropriate student self-help programs will require the continuation of the Federal College Work-Study Pro-

gram, which has earned its rightful place as a viable and extremely useful student aid program.

If anything, this program has been underutilized and underfunded in the past. My enthusiasm for encouraging support for this program was reflected in an article I wrote in the 1976 issue of the College Board Review, a copy of which is attached to my written testimony.

Every effort should be made to allow students to meet a reasonable part of their educational costs by working for it.

I might add that at my institution, out of an enrollment of approximately 1,700 students, we run a payroll of around 1,300 students.

Of special concern to students who have no grant eligibility is the availability of loan resources. Expansion of the annual loan limits for both the guaranteed loan program and the national direct student loan program are simply necessary.

The average NDSL and GLP limits have already been approached at my institution and by next year it will have been met.

It would be prudent to require a needs test for all federally subsidized student loans. As a taxpayer I feel strongly about that.

I would also argue that any arbitrary income test be eliminated from the eligibility requirements for guaranteed student loans.

The issue certainly of what is a reasonable and manageable debt burden for students needs to be studied in more detail so that students can be assured of aid resources that are balanced between grants, loans and work assistance.

The elimination of the origination fee associated with the guaranteed loan program should also be given high priority, in addition to increasing the loan limits of both the Guaranteed Loan Program and the NDSL Program.

The simplification of the student aid process is certainly an issue that warrants our attention. However, one cannot legislate simplicity.

I wholeheartedly concur that decentralization of the aids program is a laudable objective. Unfortunately, reducing the number of programs will not simplify the process.

I do have some thoughts that specifically relate to the simplification of the Pell grant delivery system which I will be pleased to share with the committee at their request.

Our current programs have survived and continue to serve both our country and our students reasonably well. Public policy should ensure that these programs continue to be the basis from which modification and new reauthorization initiatives should emerge.

I thank you very much for the opportunity to appear.

[Prepared statement of Leonard M. Wenc follows:]

PREPARED STATEMENT OF LEONARD M. WENC, DIRECTOR OF FINANCIAL AID, CARLETON COLLEGE, NORTHFIELD, MN

My name is Leonard M. Wenc. I am Director of Financial Aid in Carleton College, Northfield, Minnesota. My purpose is to reflect on the legislative proposals and legislation reauthorizing the Higher Education Act of 1965.

In order that I may share my perspective with the interested parties it should be noted that I assumed my first position as a Director of Financial Aid in the Fall of 1965. It has been my privilege to observe the growth and development of Student Aid programs at all levels; federal, state, and institutional.

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In retrospect, the history of federal student financial aid is bound and woven together with state and institutional efforts in promoting access and choice to all students who meet certain eligibility requirements. As educational costs have escalated, even sustaining our most basic programs and funding commitments have made it difficult for eligible students to pursue post-secondary educational opportunities that best meet their needs.

A recent report by the College Entrance Examination Board entitled "Trends On Student Aid 1963 to 1983" indicates that student financial aid, which grew dramatically in the 1960's and 1970's is no longer keeping pace with the rise in college costs. After adjusting for inflation, the total real value of student aid decreased 21% during the 1980's. Adding to the strain on families is the fact that average incomes, which generally kept pace or exceeded rising college costs, during the 1960's and 1970's are no longer growing as rapidly as educational expenses.

At my institution, tuition costs rose 58% between the 1980-1981, and the current 1983-84 academic year.

With a growing concern about the erosion of federal student aid as it relates to tuition and fee receipts, the Federal Legislative Committee of the Minnesota Association of Financial Aid Administrators (MAFAA) sought to document what has happened to the various sectors of post-secondary education in Minnesota when Federal aid funds are related to Tuition and Fee receipts. The result of a survey which was undertaken last fall is reflected in the chart attached to this narrative.

The importance of documenting the trend of declining federal support cannot be overstated, as every sector indicates that 1982-83 federal aid funds as a percent of tuition and fee income is less than that for 1978-79. Of further note is that these figures would prove more dramatic if adjustments were made for inflation.

It would seem appropriate to restate what is still the basic philosophical foundation of our student aid programs. First and foremost is that parents have a fundamental and primary responsibility to contribute to the educational expenses of their children to the extent they are able. Secondly, that the students themselves as prime beneficiaries of their education, ought to assume a reasonable and manageable share of their educational expenses. These two points should provide for the philosophical framework that will dictate the basis for discussion regarding the reauthorization of the federal student aid programs.

The Pell Grant Program is, and should continue to be, the foundation upon which the federal student aid commitment is built. Continued support of this program would assure access to low and middle income students and is a valued public policy objective. Reauthorization should ensure that this program is carefully drafted to assure that public policy goals are met within realistic and pragmatic budget limitations.

In light of budgetary restraints, it will be incumbent upon the drafters or reauthorization proposals to assure that prudent attempts are made to see that funds are directed to those students who, only after a reasonable expectation from the family, are deemed eligible for Pell Grant assistance. This leads me to voice some concern about the increasing number of awards, both at the federal and state levels, going to so-called "independent" students.

For the record, it seems appropriate to share a statement contained in a recent Dear Colleague letter of March, 1984, signed by both Mr. Edward M. Elmendorf and Mr. Daniel R. Lau of the U.S. Department of Education. The letter I refer to addresses the validation procedures to be used in the 1984-85 Pell Grant Program. The following statement is a direct quote from their letter and relates specifically to the Independent Student question.

"The largest applicant error in 1982-83 was wrongly claimed dependency status. Findings indicate that approximately 6 percent of the students claiming to be independent actually are dependent. If awards had been calculated with the correct financial information, program expenditures would have been reduced by almost $64 million dollars. For this reason, verification in this area will be as stringent as legally allowable. Under certain conditions, as discussed in the attachment, validation may include a request for the parents' 1983 income tax return".

Clearly, a firm but realistic definition of "independent student status" that would include an opportunity to verify such status would go far in seeing to it that scarce resources are prudently used. It would by my contention that students of traditional post-secondary school age (17-21) who claim independent status include a copy of their parents' IRS forms in order to assure that the student applicant was not claimed as a dependent. This approach would provide the necessary documentation that would allow for and ensure the integrity for any of the federal programs in- [illegible] in reauthorization.

Although I am basically supportive of initiatives that would make the Pell Grant Program an "entitlement" the cost associated with such a proposal will be extremely high. Given the nature of our nation's current fiscal dilemma, one must question the appropriateness of such an expansion at this point in time.

The need to continue appropriate student "self-help" programs will requires the continuation of the Federal College Work-Study Program which has earned it's rightful place as a viable and extremely useful student aid program. If anything, this program has been under-utilized and under-funded in the past. My enthusiasm for encouraging support for this program is reflected in an article I wrote in 1976, a copy of which is attached to this testimony. It is my contention that along with "access" and "choice", programs that enhance "retention" shold be actively supported. There is every indication that well-run student employment programs significantly contribute to increased "retention" while also accruing other benefits to both the institution and the student. Every effort should be made to allow students to meet a reasonable part of their educational costs by working for it.

Of special concern to students, who because of the strict formula-based eligibility parameters of the Pell Grant Program, have no grant eligibility of loan resources. Expansion of the annual loan limits for both the Guaranteed Loan Program and the National Direct Student Loan Program are necessary. For example, the average NDSL and GLP limits are already being approached at my institution and we anticipate that next year will see those averages at the lawfully allowed maximum.

There is every indication that both students and parents are becoming good consumers and are able to make reasonably intelligent choices among the various educational opportunities that are available. The necessity of having a loan program that is generally available is imperative, especially if such a financing opportunity is the only option available. It would be prudent to require a needs test for all federally subsidized student loans. I would also argue that any arbitrary income cap be eliminated from the eligibility requirement.

The issue of what is a "reasonable" and "manageable" debt burden for students needs to be studied in more detail so that students can be assured of aid resources that are balanced between grant, loan and work assistance. Again, the recognition that the consumer of educational opportunities should be prepared to help in the financing of the opportunities associated with post-secondary education is a valid one. The major question that should be investigated from a public policy perspective is a cost-benefit analysis with the goal of determining what is a "reasonable" and "manageable" self-help expectation of that student beneficiary.

It would be my recommendation that the elimination of the Origination Fee associated with the Guaranteed Loan Program be given a high priority. In addition, thought should be given to increasing the loan limits of both the Guaranteed Loan Program and the NDSL Program.

The "simplification" of the student aid process is certainly an issue that warrants our attention. The difficulty over the years has been with the regulatory aspects of program administration as imposed by the U.S. Office of Education. In preparation for my testimony I have reviewed the original Higher Education Act of 1965. It was clear and straightforward; a piece of legislation that has had profound impact on our national destiny. It's language is as relevant now as it was then and should not be dismissed out of hand. One cannot legislate "simplicity". One need only to look at the 1984-85 Student Aid Report (SAR) as mandated by the U.S. Department of Education for use in the Pell Grant Program to see how elusive "simplicity" as a concept can be both to the student recipient and the institutional student aid officer. I wholeheartedly concur that decentralization of aid programs is a laudable objective. Unfortunately, reducing the number of programs will not simplify the process.

If we look at student aid programs as tools of educational opportunity, we will be more likely to be successful in promoting "access", "choice", and "retention", for those students who need help in achieving their dream of post-secondary education. This dream is also a responsibility of both parents and students, and not wholly of the government. This is true now as it was when I reviewed the original Higher Education Act of 1965, in my first year as a Director of Financial Aid. Our current programs have survived and continue to serve both our country and our students reasonably well. Public policy should ensure that these programs continue to be the basis for which modification and new reauthorization initiatives should emerge.

PERCENT OF TUITION AND FEE RECEIPTS COVERED WITH FEDERAL FUNDS

	U of M	COMMUNITY COLLEGES	PRIVATE COLLEGES	AVTI	STATE UNIVERSITIES	PRIVATE VOCATIONAL	TOTAL
1982-83							
Tuition & Fee Receipts	$ 80,422,751	$ 10,377,269	$120,533,249	$ 2,910,793	$ 31,824,215	$ 10,884,463	$255,957,743
Pell Grants	8,573,167	2,032,401	6,505,795	1,424,382	8,397,130	934,726	27,257,527
GSL Lent	3,239,260	497,567	4,870,000	-0-	2,833,713	92,025	11,532,776
SEOG Disbursed	1,710,804	268,547	3,123,541	102,446	833,331	51,702	[illegible]
CWS Payroll	1,516,592	700,003	3,928,543	254,235	2,073,911	28,107	[illegible]
Total Federal Funds	15,040,025	3,498,518	18,427,887	1,781,034	14,138,090	1,115,554	[illegible]
Percent	18.7	33.7	15.3	61.1	44.4	10.2	21.5
1981-82							
Tuition & Fee Receipts	$ 66,166,522	$ 8,583,529	$109,060,301	$ 2,039,753	$ 27,138,211	$ 6,964,189	$219,952,505
Pell Grants	8,132,679	1,960,665	6,515,264	1,228,548	7,949,776	727,515	26,524,445
GSL Lent	3,535,090	430,340	5,434,383	-0-	3,366,173	81,032	[illegible]
SEOG Disbursed	1,465,976	264,791	3,236,816	109,271	925,950	54,470	[illegible]
CWS Payroll	2,354,513	725,108	3,931,974	230,769	2,336,644	43,170	9,622,178
Total Federal Funds	15,548,258	3,380,905	19,118,437	1,568,500	14,578,543	916,248	55,110,579
Percent	23.5	39.3	17.5	76.9	53.7	13.2	25.1
1980-81							
Tuition & Fee Receipts	$ 59,747,571	$ 7,280,412	$ 95,046,135	$ 1,805,120	$ 23,093,829	$ 5,592,535	$192,571,512
Pell Grants	8,058,547	1,973,307	7,719,184	1,239,721	8,119,365	717,771	27,827,535
GSL Lent	3,400,078	543,704	5,967,485	-0-	3,237,022	100,763	13,249,252
SEOG Disbursed	1,601,296	285,740	3,242,442	114,323	1,003,807	55,225	6,302,237
CWS Payroll	2,328,569	705,214	3,950,547	253,932	2,192,583	76,555	[illegible]
Total Federal Funds	15,389,290	3,508,065	20,879,658	1,607,976	14,552,778	950,319	[illegible]
Percent	25.8	48.1	22.0	89.0	62.9	16.9	[illegible]
1979-80							
Tuition & Fee Receipts	$ 51,540,604	$ 6,261,143	$ 85,538,738	$ 1,466,073	$ 19,795,715	$ 4,038,046	$168,886,219
Pell Grants	8,772,583	2,013,220	9,074,396	1,229,718	8,637,341	711,215	30,438,320
GSL Lent	4,203,601	391,703	5,[illegible],651	-0-	2,890,238	-0-	[illegible]
SEOG Disbursed	1,556,215	254,933	3,205,555	111,585	944,428	52,092	[illegible]
CWS Payroll	1,919,928	750,640	3,676,190	242,364	2,143,245	36,510	8,769,737
Total Federal Funds	16,452,064	3,410,501	21,141,892	1,583,667	14,615,280	800,407	58,013,811
Percent	31.9	54.5	24.7	108.0	73.8	19.6	34.4
1978-79							
Tuition & Fee Receipts	$ 46,808,719	$ 5,287,716	$ 78,098,426	$ 1,359,290	$ 18,135,860	$ 3,717,509	$153,407,520
Pell Grants	5,011,322	1,089,924	4,785,424	681,690	5,170,653	391,881	17,130,894
GSL Lent	4,413,143	358,620	4,582,590	-0-	2,913,609	-0-	12,267,962
SEOG Disbursed	1,293,856	224,954	2,303,456	95,255	831,971	50,759	4,800,251
CWS Payroll	1,656,359	580,783	2,376,736	240,402	1,847,209	81,422	6,782,571
Total Federal Funds	12,374,680	2,254,281	14,048,206	1,017,347	10,763,442	524,032	40,982,048
Percent	26.4	42.6	18.0	74.8	59.5	14.0	26.7

BLI-8

The Role of Financial Aid in Attrition and Retention

Lack of money for college may not be the major factor in student dropout rates that many think it is, according to recent research. In fact, some studies indicate that attrition rates are more affected by learner attitudes and goals and a good "fit" between student and institution. Could it be that lack of money for college is merely a "socially acceptable" reason for dropping out? And what about the attitudes of parents, the impact of part-time jobs, and just plain boredom? This writer summarizes some of the current theories about student attrition and retention.

For educators who are concerned about high dropout rates among college students, it comes as no surprise that there are many ambiguities about the causes of the attrition phenomenon. It is safe to say, of course, that dropping out may be caused by a wide variety of factors, many of which can interact subtly to cause many students to leave college before achieving a degree.

But this sort of generalization isn't good enough for institutions that have the goal of improving student retention rates. I have spent some time, therefore, reviewing recent research into attrition and retention. What I have learned may be worth the reader's further investigation.

A review of the research on the dropout process by W. G. Spady indicates that attrition may be best explored by an interdisciplinary approach involving an interaction between the individual student and his particular college environment in which his attributes (i.e., disposition, interests, attitude, and skills) are exposed to influences, expectations, and demands from a variety of sources—including courses, faculty members, administrators, and peers.

Spady's review of the literature in this area prior to 1970 indicates that the major inference to be drawn from the entire set of findings would appear to be that survival in college is dependent largely on a clear and realistic set of goals and having interests that are compatible with the influences and expectations of faculty and curricula. To the extent that the intellectual development of the student is a primary goal of any undergraduate college, three important implications emerge from Spady's findings.

First, intellectual and cultural growth appears to be greatest for those students with inherently strong intellectual orientations.

Second, while much of this growth undoubtedly takes place as the result of exposure to the general curriculum, outside contacts with faculty members and opportunities for channeling these interests extracurricularly seem to be very important.

Third, intellectual development is not necessarily con-

* The writer is director of financial aid at Carleton College in Northfield, Minnesota.

tingent upon the intellectual resources of the student. Attitudes toward learning appear to be more important than the quality and amount of previous academic-intellectual experience as far as expanding a student's cognitive capacity is concerned.

In a recent book by Robert G. Cope and William Hannah entitled *Revolving College Doors: The Causes and Consequences of Dropping Out, Stopping Out, and Transferring* the authors main findings are summarized in a simple and straightforward fashion and are listed as follows:

1) The withdrawal rate is high, has been high for the 50 years of attrition research, and seems to change little over time. Between 40 and 50 percent of the entering students earn baccalaureate degrees in four years, 20 to 30 percent graduate later, and the remaining 30 to 40 percent never earn degrees.

2) Since most talented students persist in their studies toward degrees, there is little attrition among the most promising entrants, at least in terms of degrees earned.

3) Men and women discontinue, stopout, transfer, and so on in approximately equal proportions, but for different reasons: Men more often because of matters related to competence, adequacy, and identity searching; women more often because of intellectual-aesthetic dimensions, dating, and marriage.

4) Colleges know little about the reasons for withdrawal, the process of withdrawal, or the actual proportion of students leaving their campus.

5) The rate of college degree completion varies considerably among different colleges and universities. The prestigious private universities experience little attrition over four years, while some of the less prestigious private colleges, the state colleges, and the community colleges have most of their students withdraw prior to completion of any degree.

6) The primary factor in "holding power" is the student's identification with the college. Colleges are more likely to retain the student who chooses the institution because of its clear image values and program, and who knows this is what he or she wants.

7) Most quantitative research (such as admissions data) is without value in either predicting withdrawal or understanding the reasons for discontinuance, since such research considers a limited number of averages, college entrance test scores, parents' income, socioeconomic class background, participation in high school activities, and the like. In addition, the reasons for discontinuance are usually complex, overlapping, often have nothing to do with the student, and in some instances may not even be recognized by the student. Changed vocational choice, poor choice of the college in the first place, meeting a loved one and transferring to be with him or her, dissatisfaction with the college, fulfilling less than degree expectation, and other multifaceted issues are involved in withdrawal.

8) It seems clear, too, that there is no dropout "personality," only individual personalities interacting with different campus environments, at various times in their mutual and changing lives.

9) The positive results of discontinuance (permanent or temporary) are often so substantial that there may be good reasons to encourage *even more* students at least to stop out, if not drop out.

An initial review of the issues surrounding retention and attrition leads one to two different viewpoints that are possible. The first is the institutional perspective which interprets dropping out as academic failure. An opposing viewpoint is that of the student, which focuses on the experiences and perspectives of individuals who enter college with a variety of motives, abilities, and interests, and who may find higher education unsuited and often insensitive to their needs and skills.

For those who drop out of higher education entirely (the 40 to 50 percent of all freshmen) the cost is high. Leaving often involves a substantial cost to the student in lost earnings potential and immediate out-of-pocket costs which may include the repayment of an educational loan. (It would be interesting to see, for example, if there is any difference in the loan default rate, between those students who have taken out educational loans and who complete their degree as opposed to those students who utilize loans and do not achieve their educational objectives.)

The institution also loses when a student drops out; because substantial sums of money are expended in recruiting students. Additionally, the institution invests time, energy, and financial resources in teaching, counseling, record maintenance, housing, and other efforts to accommodate its students. Of more direct concern to some of us are the monetary commitments our institutions make in the form of vastly expanded student aid programs. As both state and federal student aid programs have grown tremendously over the years, the taxpayer has also joined the institutions as a major investor in the maintenance of the educational establishment. It is my contention that the spirit of accountability will necessitate closer scrutiny of the cost-effectiveness of publicly supported student aid programs which will mean going beyond the limited objective of enrolling eligible students, and will progress toward attrition and retention issues.

The degree recipient, therefore, becomes the end result of a significant institutional and public investment, while the non-graduate erodes scarce institutional and public monetary resources. It is, therefore, incumbent upon us who are directly involved with students to know

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and learn more about what causes students to leave, and maybe more relevant, what enables our students to stay and persist.

For those of us who have a specific interest in student financial aid programs and the financing of educational costs, it seems appropriate to mention the tentative conclusion reached by Cope and Hannah that financing college is not a major problem in persistence. Lack of money seems to be a socially acceptable reason to discontinue attending school, regardless of actual financial position. Family income has been an important variable in many studies of attrition with the findings less than consistent, and a number of studies have found family incomes unrelated to persistence. Christopher Jencks and David Riesman, in the book entitled *The Academic Revolution*, concluded that ". . . while dropping out is probably *not* related to parental income, it is related in some cases to parental parsimony." This situation is reflected when students are forced to borrow all or a portion of their expected parental contribution. This situation, when it results in multiple loans, is another area of possible investigation for the student aid community.

It is my observation that parental parsimony is an especially relevant issue at high-cost institutions. In such institutions, even the most concerted efforts of a student to make up an expected parental contribution will leave the student far short of meeting institutional costs which for private four-year institutions approach $5,000 for the 1977–78 academic year.

It is interesting to note that Cope and Hannah believe that the commitment to finish college resulting from the motivational climate of the *family* is far more important than having enough *money*. Many of the claims of dropping out because of financing could actually be claims of dropping out because of lack of commitment. The authors make the assertion that lack of finances is more of a barrier to *starting* college than it is to *finishing* college. This I believe to be an important distinction. The authors indicate that personal commitment may deserve more attention both in the admissions process and in research, and it is their impression that personal commitment to either an academic or occupational goal is the single most important determinant of persistence in college.

Following after personal commitment, it seems that the concept of "fit" between student and college (the presence of it or lack of it) accounts for most of the persistence, or for most of the transferring, stopping out, and dropping out. If the student is brought to an environment that is not conducive to his or her aspirations and expectations, there will occur significant tensions that must be alleviated. Means of enhancing the fit between student and institution should be a major task for all of us.

Further arguments are presented that self-selection into a college of one's choice is the most important factor in maintaining active enrollment, and the lower dropout ratio at private colleges is attributed to the partial result of students selecting colleges with values that are congruent with their own. Variations in dropout rates among and between private and public institutions are substantial, ranging from 10 percent at some highly selective liberal arts colleges to 80 percent at less selective state colleges. The point is also made that the rate of dropping out among community college students is apparently considerably higher than rates at four-year colleges.

I have pursued this point because I believe that in an age of highly intensified student recruitment we will find ourselves with many students who don't "fit" the institutions in which they enroll. It is my contention that in the process of enticing students to our institutions, whether by means of no-need scholarships, so-called flexible standards, or other activities of dubious merit, we are sowing the seeds of attrition and retention problems with which most institutions are unwilling or unable to cope.

"The institution also loses when a student drops out, because substantial sums of money are expended in recruiting students. Additionally, the institution invests time, energy, and financial resources in teaching, counseling, record maintenance, housing, and other efforts to accommodate its students."

While the national and institutional rates have not changed, there indeed has been an alteration in the primary reasons for students leaving college. In an age of inflated grade point averages, there are fewer academic failures and more voluntary dropouts with student dissatisfaction and general disillusionment increasingly the motivating force. It is important to reiterate that we should not be lured into the trap of assessing attrition and retention in academic and/or financial terms, as there is every indication that the actual reasons for withdrawal are related to poor choice of institution and motivational factors that bear on a student's commitment to a specific educational goal.

From an institutional point of view, it would behoove all of us to identify practical measures that minimize a

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student's chances of dropping out. The rationale is blatantly pragmatic as the retention of students relates directly to one of the biggest concerns for the future, namely declining enrollments. One need not be deeply involved in the economics of higher education to recognize that each new student brings additional income and each student retained maintains this much needed income. As it becomes more difficult to recruit new students to shore up enrollments, it seems appropriate and necessary to enhance the persistence of already enrolled students.

Financial Aid and Student Persistence

In his book entitled *"Preventing Students From Dropping Out,"* Alexander Astin indicates that undergraduates usually pay their costs through one or a combination of five different sources of aid: family, scholarships, loans, savings, and work. The author presents evidence that the source and amount of financial aid can be an important factor in the student's ability to complete college.

Some of the general conclusions arrived at in Astin's book are as follows:

1) Receiving support from parents for college expenses generally enhances the ability to complete college.

2) Students who are married when they enter college persist better if their spouses provide major support for their college costs.

3) Scholarships or grants are associated with small increases in student persistence rates. The amount of grant support appears to be a major factor in student persistence, particularly among black students.

4) Reliance on loans is associated with decreased persistence among men in all income groups.

5) Participation in federal work-study programs seems to enhance student persistence, particularly among women and blacks. Work-study has it's most consistent positive impact among students from middle-income families. Jobs on campus are clearly superior to off-campus employment.

6) Reliance on savings or other assets appears to decrease the student's chances of finishing college.

7) Reliance on GI Bill support is negatively associated with student persistence.

8) Support from ROTC stipends is strongly associated with increased student persistence.

10) In general, any form of aid appears to be most effective if it is not combined with other forms. This is especially true in the case of work-study programs, which tend to lose their beneficial impact when combined with grants or loans. This loss is especially marked among low-income students. The only combination which is associated with greater persistence is work-study and major loan support.

It should be noted that one problem with assessing the effects of any single variable, such as financial aid, is that most variables do not occur in isolation, as other environmental factors interact to influence student attrition or persistence. However, it seems clear that most institutions would benefit from offering on-campus work opportunities to all students whether need is a factor or not. Because a well-run on-campus student employment program meets both financial aid and manpower needs, the institution would have much to gain as opposed to giving away funds under a no-need grant program. With the data on persistence adding to the student employment argument, it would behoove all of us to pursue a closer look at this particular resource.

Available evidence supports the conclusion that the provision of job opportunities for students is one sure way to enhance student persistence. There seems to be every indication that an on-campus job, even during the freshman year, substantially increases the student's chances of finishing college. Federal work-study and other forms of on-campus employment seem to be equally positive in this impact.

In the course of reviewing available supporting documents in the student work area, I recalled a rather lengthy memo, dated December 21, 1970, from Mr. Warren Trautman, who was then Chief of the Work-Study Branch of the Division of Student Financial Aid. The subject of this memo was "Who Should Work?" What was provided was an extended documentation that strongly supported the value of student work programs. Supporting evidence, representing scholarly research rather than opinion, clearly encourages the utilization of student work options as a means of meeting a student's financial need.

The evidence just alluded to presents a cogent argument for fostering student employment programs, not only as a financial resource, but for other reasons that are more closely related to academic concerns. What I find most interesting is that Astin has demonstrated that whether the job is in an academic or non-academic sector does not make any appreciable difference, nor does the degree of relevance to the student's course work or career plans. Even job satisfaction is not a major factor. Students improve their chances of finishing college even if they dislike their on-campus job. The only qualification concerning student employment's positive effect is the

number of hours worked, these should be limited to not more than 20 hours per week. These findings are of special relevance as they dispel the current haziness that surrounds career education. In many cases institutions have been unable to define clearly the role of student employment or have not recognized the multiplicity of roles a student employment program plays in the life of an institution.

In short, there is every indication that institutions wishing to enhance persistence should make every effort to increase the number and type of on-campus jobs, but the hours worked should be limited.

It is my further observation that student employment programs could use more attention from the financial aid community if such a resource is to be of maximum benefit to both the institution and to its students.

While the ability to assume and hold part-time employment seems to be a very positive factor in persistence, it is by no means the only one. There is good reason to believe that if ways can be found to involve students more in the life and environment of the institution, their chances of staying in college are improved. A recitation of the number of available mechanisms would include admissions, freshman orientation, counseling, academic advisement, financial aid, extracurricular activities, housing, and student services. However, research by Astin seems to indicate that the reason students give most frequently for leaving college is directly related to the institution's academic program. Specifically, this reason is students' boredom with courses. With this in mind, administrators who are not part of the classroom establishment have little opportunity to deal with what I believe to be the essential factors related to student persistence. What role do we have in addressing the issues of poor teaching, uninteresting courses, and superfluous requirements, all of which lead to unfulfilled expectations. If student boredom could be reduced or minimized, many students who become dropouts would remain in college. Again it is important to note that the most frequent reasons cited by Astin for dropping out for both men and women are as follows: boredom with classes, financial difficulties, dissatisfaction with requirements or regulations, and change in career goals.

The implications for institutional policy seem obvious. If in the process of allocating scarce institutional resources, evidence is available that will provide guidance in the most effective use of limited resources, how can we persist in offering no-need scholarships? Why do we persist in emphasizing loan programs when such aid seems to be the least effective in enabling students to complete their degree objectives? Clearly, the positive impact of on-campus student employment programs, especially on students from middle income families, indicates that such programs be prudently encouraged for all students as opposed to giving funds away on the basis of academic or athletic abilities.

In light of our institutional concern about decreasing enrollments, it would behoove all of us to become more knowledgeable about both attrition and retention. For many of us this will allow an alternative in meeting our enrollment goals, while for others it will provide an opportunity for much needed institutional self-study of goals and policies. Assuming all this concern will directly assist the individual student in his or her intellectual and personal, and social development, I must say I am cautiously optimistic that we all will be in a stronger position to face the demands of the future. It seems clear by whatever yardstick one uses that if an institution of higher education is not special, marketable, personable, and academically sound, students will neither enroll nor persist in significant numbers. ■

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Mr. PENNY. We asked Archie Chelseth this morning to comment on the changes in Minnesota's financial aid structure and to share with us any observations he had about how that jibed with the Federal financial aid programs. I'm particularly interested to learn if the Minnesota changes put things out of sync and he deferred to you.

Would you provide us an answer to that question?

Mr. LONGANECKER. Certainly. A year ago, Minnesota fairly significantly changed its approach to financing all of higher education and the major portion of that is that it tied its entire financing package together.

The amount that students are expected to pay in public institutions in tuition was stipulated. The amount of the State's appropriation was established, and a central part of that package was a financial aid package that assumes the student as the principal beneficiary would be expected to contribute a significant amount in both public and private institutions and that beyond that their family would be expected to contribute where they had resources and the remainder that was left over would be made up by the State and the Federal Government.

There was a fairly radical shift; I think, in that up until that point the State had basically followed the Federal program, particularly the Federal Pell Grant Program.

At least in philosophy this approach basically put the State taking advantage of whatever is available from the Federal Government but accepting full responsibility for providing access and choice should the Federal Government pull out.

The net result was a higher targeting on students with greater need and a very significant increase in financial aid, 100 percent, now in fact more than 100-percent increase from last year to this year.

A great portion of that increase resulted because of a very significant increase in tuition in the public institutions, but a large portion of the increase resulted in a net increase in the amount of aid going to students as well.

I said more than 100 percent because we had misjudged what the response and what the need would be and in fact it had to go back to the legislature for an additional $5 million appropriation and it looks as though we will receive that.

Now $5 million may not seem like a great deal of money when you're dealing with billions, but at the State level that's a fairly significant amount. Essentially what we're talking about here was an increase in State appropriation from $27 million for 1 year to $45 million the next year—excuse me, it wasn't 100 percent, it's about 80 percent increase—and then another 45 million on top of that.

Part of that package is, as I mentioned, that the student will accept a significant portion of their responsibility. We intended that to be all students, not just those students from lower income families, but all students do not have access to loan capital, which is one of the major ways a student can accept responsibility, so we have been in the process of developing a supplemental student loan program.

It's a very difficult task to put one together. We are nearing completion of that task. It would have been and would be much easier for other States if the Federal guarantee were available.

I think when I talked about students having to rely on their parents for eligibility, I think they should have to rely—their parents' income should be taken into account when you're looking at eligibility for a highly subsidized program such as the Guaranteed Student Loan Program, but if you can provide an opportunity that made it possible to pool their resources essentially by providing the guarantee and a lot of students to be eligible you could greatly assist those students from higher income families who want to accept a greater portion of the responsibility for educating themselves.

I don't know if that was long winded. I think some of the other financial aid directors here may have their own impressions of the new financial aid policy and whether it's working.

It's not ignoring the Federal Government. I kind of get the impression—I've been on both sides now—that there is a reluctance at the Federal level to keep in mind what's happening at the State level.

We are now working as though the Federal Government is a partner but almost as a minor partner even though the majority of the money is still coming from the Feds. We really perceive that we're controlling the policy.

Mr. PENNY. I would be interested in hearing if there are some observations from the financial aid directors at the table.

Mr. LONGANECKER. I gave you an idea of how we intended it to work. They can tell you if it's working that way.

Mr. WENC. I might add a comment and run fast, that the combination in Minnesota of State and Federal programs I think severely limits any type of choice that a student has.

The cap on acceptable tuition makes it impossible for students to get a combination of State award and Pell grant in excess of an arbitrarily imposed cap. This year, or I'll use next year, that cap is 3,407, that no student will get a combination State award and Pell grant in excess of 3,407.

My cost, gentle people, next year at my institution will approximate $12,000 a year. We have actively solicited low-income students and minority students and obviously out two major outside sources of aid have been capped to the extent that they provide no major support for the full-need student.

Mr. MATUSKA. I wouldn't disagree with either of those comments. I would reemphasize Dave's comments regarding the tuition increase, the tradeoff between expanding our State scholarship and grant program and the tuition increases in the public institutions.

Our students who do not qualify for the State scholarship and grant and their parents have been saddled with some rather significant increases in tuition.

I would concur with Glenn's comments regarding the need to provide, I'll use the term access to education for low-income students.

One of the problems we will have with our State system if the $3,000 Pell grant maximum is enacted is that at institutions like Gordy's and vocational technical schools where our maximum

State award, parent contribution and Pell grant, cannot exceed roughly $2,000, those students if we bump the Pell at 3,000 will not be eligible for State scholarships and grants. The Pell itself will put them over the max.

I think if the Pell does go over three grand or goes up to $3,000, we will have to examine at the State level whether the 50 percent shared responsibility is really appropriate for low-income students.

Again I go back to that part of my testimony where our data and national data appears to indicate that participation of low-income students has decreased and if we're going to set some artificial limits as to how much gift aid low-income students can receive from Federal and State sources, we are certainly not—we are just going to be reinforcing the barriers rather than opening them.

Mr. LONGANECKER. If I could contribute to that.

One of the points that Archie made was to remember that you're not the only actor.

In essence, all else being equal, we did not change our design at the State level. Most of the benefit of the radical increase in the Pell Grant Program as proposed under H.R. 5240 would not accrue in Minnesota to the students but would accrue to the benefit of the State of Minnesota.

We designed our program to fill in a gap and if you fill in a larger portion of that gap we simply fill in a smaller portion of that gap.

Now that might allow us to change the policy in some ways and remove some of the arbitrary limits or whatever, but I think basically—the other point that was made, though, was that on the realization that we are living in an era of limits, I don't think it's realistic to expect that $3,000 maximum would ever be funded so it's six of one and half-dozen of the other.

Mr. PENNY. How can we better coordinate the funding cycle, the timetable for the various financial aid programs?

It has been expressed to us several times now that the students are in a lurch because they get part of the package but they're not sure what the whole financial aid package is going to be, and you're put in a spot because you are trying to put it all together for them but you are left waiting.

What are some recommendations that would help us?

Mr. TRISKO. I would say we forward-fund the programs now. Let's forward-fund them far enough so that we can forward-fund the institutions a year ahead of time.

I don't think it would be that difficult if we knew the year before we would be ready to go when the financial statements came in January and February and March we could begin making commitments to students immediately.

We do so now tentatively but we're never sure exactly what the funding will be, and we're always hesitant to make those kind of commitments until we know if we will actually have the funds available, so if we're going to forward-fund, let's forward-fund and let's know what we're going to do.

Another problem, as I mentioned, is the reallocation of the funds. It used to be that funds that were unused by institutions were reobligated and reawarded and many of us who used 100 percent of our

funds and needed additional moneys could often get some additional funds to help our students.

In the past 2 years, that reobligation has been nonexistent or it's been so late that it has really been no help to us.

I would like to see a system whereas those funds could be reobligated at least twice a year in time to be of benefit to the institutions.

Mr. MATSUKA. Well, I think I'm probably hopelessly naive on this issue. I have been in financial aid since 1965 and I go back to some of those years' funding and trying to keep track of things and I don't think the calendar is a real problem.

I think some of our delays are created by the fact that we have to use prior year income and family financial statement or the FAF has to reflect accurate income information in the prior year.

That in and of itself is going to necessitate some delay. Families are going to have to wait until they have some good hard data on their income.

Some of our problems in Minnesota this year were simply created by HECB being put in a position where it had to implement a new program, a new formula, put in some new data processing equipment all at once, which was no easy task.

We've always been forced with guestimating awards. I personally feel we do a pretty good job of guestimating the awards.

Ms. PRINDLE. I'd like to reiterate both of those points. I do agree with Gordy in the fact that I think the sooner we can get the funds forwarded to us the better we will be in getting the more accurate figures to the students rather than maybe sending out two or three notices to them and sometimes have to renege on an estimation that we've given them and that kind of thing.

One of my problems this year, necessarily not in relation to letting the students know as to what their awards will be but one of my big problems has been drawing down money through the Pell Grant Program.

I've been having a great deal of trouble getting that particular money and I don't know what the problem is. It does create some problems when I do have to notify students of their Pell grant awards and their checks get held up and perhaps some forward-funding of all the programs themselves would eliminate some of that, too.

Mr. WENC. As with Bob, I go back to 1965. I am a firm believer that if things work we don't fix them. It saves a lot of people a lot of time.

In the SEOG program, for example, in 1965 one of your original proposals required that participants in a program went in to the high schools and made commitments to juniors—nobody here remembers that, I betcha.

When you think about that, there was a lot of wisdom in that.

I am personally quite concerned that this Nation is wasting its resources. We have not been able on either end, both at the matriculation end and at the graduate level end, to encourage those students to participate in the system who need it the most.

Studies have shown that those that are aware are the ones that are going to use the system, whether they are parents or they are

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students, and it's those students who are not aware who don't have access to TRIO Programs who are not going to use the system.

As one from an institution that sends many of its students on to graduate schools, I see some extremely bright low-income, minority students looking at professional careers who are already saddled with $10,000 in educational loans.

If we want to populate our professional schools with minority teachers and engineers and philosophers, we cannot continue sending them on before they even start with debt levels of $10,000.

If you want physicians that are from low-income, minority backgrounds, you are going to have to look at some additional help for those students to continue their study so that they will not be coming out with horrendous debt burdens that are just not reasonable nor manageable.

Mr. PENNY. Steve, do you have any questions?

Mr. GUNDERSON. I have a lot of questions. I wish we had more time with this very interesting panel.

I agree with what you just said. If you could send us some idea of how we could legally, properly, and constitutionally get at that—I'm serious—I would be very interested in that.

One of the things I wanted to compliment this panel on is the recognition of most of you of the era of limits in which we live.

Looking at all of the student financial aid programs, mainly title IV, we always talk about what's the most important, but what's the least important?

Which one can we get along without, that's not doing its job, that is not cost-effective, from which we out to take the dollars and put them in some other program where they're needed most?

Mr. LONGANECKER. Let me answer that and make it easy on the rest—the State Student Incentive Grant Program.

Now very few State higher education executive officers will tell you that, and that's what I am in an active sense, but quite frankly in Minnesota it provides about 5 percent of the State's commitment to its program.

If you give us a 10-percent increase in—well, if you give an $80 million increase in Pell grants for Minnesota, it's equivalent to the whole program of SSIG, because we either pass now or pass later. That is what it comes out. It reduces our obligation one way or the other.

I think that that is a program that was extremely useful in getting many States into the program and some of the States may drop out without it, but if their commitment is so miniscule that they exist for that really small amount of money the amount they're doing with grant programs today is not accomplishing anything so I think that is the least successful of all of the programs—not the least successful, I'm sorry—the least valuable today. It was very successful I think in providing a catalyst for States.

Mr. GUNDERSON. Is he speaking for the rest of you, or do you have a different opinion?

Mr. WENC. I'm not willing to accept that question. I think all the programs serve a purpose and obviously it must have had some thought going into it.

I don't participate in all the programs so I feel reluctant to speak. I do think one potential program probably has the potential to be the least desirable before it even starts and that's tax credits.

Now if you want a program that distributes a lot of money to those that need it to the least; there is a program that will do it for you.

I'll raise that flag for you before I answer your other question.

Mr. GUNDERSON. OK; go ahead.

Mr. MATSUKA. As long as Len has opened it up.

We are making some progress in this area with certain data elements that have been included in the family financial statement, but I do think we need to address all the tax sheltered income situations that we are now being confronted with as we try to determine the family's ability to pay.

Just to digress a bit back to income contingent loan programs and so on, I would never support that given the current situation of our tax system. The bottom line of the 1040 does not always necessarily reflect what the true financial conditions of that family or that student happened to be, so I would throw that in.

Just to address the question on what program of all we have if we have one that we could throw out, in my testimony I asked for an option to take NDSL collections, current capital and collections, should the block grant program go through, and give legislative authority to invest that money and use the income for grants and work study.

At this point in time I can say that. That would be our intent to do that at our institution because basically with certain exceptions we can meet needs with the guaranteed student loans. I don't know how long we're going to be able to do that.

I have some concerns about multiple borrowing and Congressman Penny and I have talked about those before.

That's one of the things that bothers me with the NDSL and guaranteed student loan programs, that that opportunity is out there for students to have both loans and have some serious repayment problems because of that.

Mr. TRISKO. That is why it is so important that we reestablish the consolidation. We were seeing our students leave our community colleges with high levels of borrowing.

Glenn has students graduating 4 years with $10,000. We have a lot of students finish 2 years and have $5,000 and they are a secretarial major or they're in some area where it's going to take them a long time to make the money to pay that loan back.

Consolidation I think helped a lot of our students who had both national direct student loans and guaranteed student loans and I certainly hope that that is reestablished as soon as possible.

Mr. GUNDERSON. I'm not going to ask any more questions today but I'm going to ask a couple of you to write me sometime in the future or else to the committee for the record. No. 1, Bob, you referred to needs test and needs analysis, and I would appreciate it if you would elaborate for us in written form what the difference is between needs test and needs analysis.

Dave, you talked a great deal about the nonsubsidization of student loan programs here in Minnesota. If you could send us details

of how that program works. Some of us nongophers would appreciate getting that.

Thank you.

Mr. TRISKO. I just have a quick question before we go. I've never been involved in this or had the experience of a hearing. How is the information that we have given or the people have given today, how is this used? What difference does it make?

The bill is in Congress. What is it all about? What does it mean?

Mr. PENNY. I'm glad you asked that. First of all, the bill is introduced but the hearings provide us with a basis to decide whether the provisions of the bill are exactly the direction we want to move.

I notice there were some references to the fact you got a copy of the bill yesterday. Frankly, you're on the firing line with these national aid programs and your knowledge and your advice, whether it is based on what you would like to see or whether it is based on what you like or don't like about the bill is helpful to us either way, so don't feel that your comments are somewhat diminished because you haven't had time to digest all the provisions of the bill.

What you have to say to us will help us restructure that bill in a way that we think best meets financial aid needs. There will be a lot of amendments offered and debated and I assume many of them will be adopted as we consider the bill at the subcommittee and in full committee level, so your input today is going to help us structure the reauthorization of our higher education programs.

Mr. GUNDERSON. I just want to add to that. I can't overemphasize the value that these hearings have, not just to Tim and I who happen to be here, but to the rest of the committee. That's why the staff is here. That is why it's being recorded for the official record.

If you would come up to this table and see the notes, the outlines, the underlines, et cetera, of things that are going to go back to Washington from this group, the ideas and suggestions that have come up, you quickly get an idea of the value of today's effort.

I was just checking with Buddy. We have not one but 3 days scheduled for markup in the subcommittee alone. Now if we're going to work three mornings and three afternoons and who knows how much longer, that's one heck of a lot of amendments that are going to be debated and considered.

I can't tell you the number of meetings just in strategy discussions and policy discussions that have already occurred and that we'll continue.

Please understand these are very, very valuable for us.

Mr. PENNY. We do want to thank you all for your valuable testimony today.

Our next panel is the student panel, Jim Siepmann, Mayo Medical School; Jeff Halloin, St. Olaf, Minnesota Association of Private College Students; Stephanie Walker from Mankato State University, who will be accompanied by Brad Arndt of Winona State and Eduardo Wolle, Minnesota State University Student Association.

As you begin your testimony, would each of you identify yourself and your school and any other position you hold as a student leader again for the record, so that we can get it straight.

STATEMENT OF JAMES P. SIEPMANN, MAYO MEDICAL SCHOOL

Mr. SIEPMANN. I am Jim Siepmann. I am a second year medical student at Mayo Medical School.

I have with me today Tom Hennessy, who is also a member of Mayo Medical School. He is involved in different organizations, as I am.

I was unaware that you wanted a list. My list is quite extensive, I think. I am involved in—I am a member of the OSR, which is Organization of Student Reps part of the AAMC, American Association of Medical Colleges. I am also a delegate to the Minnesota Academy of Family Practice and also a delegate to the American Academy of Family Practice.

I also have been chairperson of the student section of American Medical Association and chairperson of the student section of medical society and there are probably a couple of others.

Mr. PENNY. We're going to take you one at a time and simply ask that before you begin your testimony you give the same type of introduction of yourself as Jim has.

Mr. SIEPMANN. I have some written testimony and I would like to deviate from that some bit.

There is an error on page 2 at the bottom, article 5. It wasn't supposed to be greater terror in collection procedures. It was supposed to be greater fervor.

Basically, if you are looking at that, there are some points that I would like to bring out relative to those 5 points there.

I guess the first thing I would like to address is the GSL program, since that is the major aspect of post graduate education.

The GSL program is one of the main sources of finances for post graduate education and we have several very big problems with that.

No. 1 is the yearly limit, which is currently set at $5,000 per year, and I notice it's going to hopefully be increased to $7,000, but that still yet is very, very inappropriate for the level of needs.

Students on the average are taking out $10 to $15,000 a year in loans and that's the average. Some students are taking upwards of $20,000 a year for medical school and postgraduate education.

The reason that this is—the need for larger yearly limit and total limit of the GSL is that the default rate because of having to get into loans other than GSL, such as HEAL and PLUS, which are interest accruing loans, tends to cause us to go to a higher default rate on loans to student populations, postgraduate students.

By increasing the yearly limits and the cumulative limit on the GSL, I feel that the management of a financial aid package would be more appropriate.

Also getting rid of the 5 percent origination fee is an excellent idea. Most banks, they carry those loans for approximately 4 months, at least in my experience, and yet they get $500 right off the bat for carrying a loan 4 months which they don't even have to begin to collect and it seems like a real great deal for them and not too good for the Government.

Also I would like to comment on the fixed interest on consolidation of GSL loans. I've talked with Tim Penny about this in the past.

It doesn't really make sense to me. You are going to have to calculate each individual student's payment period anyway. An averaging of interest rates that the student has on his loans would be more appropriate and it would actually be more just to that student.

The GSL rates vary from year to year. I currently have grandfathered mine at seven and if I consolidate I will be consolidating at 9.5, so it's worth it to me not to consolidate, but that also decreases my years of payment I'm capable of and also makes it very tough to repay all that money back within that short period of time.

Also, in terms of the collection of the loans, it was mentioned in the bill that there was going to be greater emphasis upon the Department of Education—upon the educational departments in the collection of that, and I don't know if that's the right place to put such an emphasis.

The educational departments themselves are not really capable of adamant collecting of loans and it is really not justifiable for them to be placed such an excess burden when they are already having problems with it already as it is.

Maybe some other agency, such as an IRS or somebody that's ready to handle such things, could monitor the collection of loans.

Basically, there are just two other points I would like to go further on. One was in the package I received. There was emphasis of going from loans to grants, changing the emphasis on moneys from loans to grants.

I feel that that is a step in the right direction but grants are not the way to go. Grants to most students are free money and they are abused to the greatest extent.

A better way to me would be shifting the emphasis to scholarships, something in which academics is brought into it, but also it could be a pro-rated scholarship such that need will be integrated into the program.

I feel that even if the emphasis is shifted from loans no matter what we do we won't get away from it and that brings me to the third point and that is the very inadequate funding of loans.

NDSL currently at our medical school we cannot have because there isn't enough money available in NDSL to justify the accounting procedures for it. We can only manage to get less than $4,000 in NDSL's per year and the accounting itself runs $6,000 a year to have an NDSL.

This also is shown in the GSL by the mere fact that it is tougher to—that the funding levels, yearly limits and cumulative limits, are way too low for what is needed for post graduate education.

These things, which cause the amount of moneys to pile up on the graudate student such that a graduate student graduating from medical school nowadays and in the coming future will be lucky to have less than a $50,000 debt load when he graduates, and that is previous to residency in which he is only making a minimum of $15,000 to $20,000 a year and he is currently paying back some of his loans at that time.

Many students are getting in over their heads in terms of taking on aid and grants and loans—taking on loans. I have seen students who have taken over $100,000 and haven't been able to repay it ba-

sically because of lack of financial counseling for one thing, but also the lack of available loans which are deferred.

The biggest problem is, we can't pay it back for like 3 years after our graduation and we need some sort of a Government subsidy for those few years, or a deferral such as the GSL offers.

Basically those are the main points that I wanted to bring across, along with the possibility of increasing the amount of refinancing loans in the future to decrease the default rate. That is a problem that our medical school has been trying to deal with—how can loans be refinanced so the default rate will be decreased.

Basically that's all I have to say. Tom has some more aspect.

[Letter enclosing statement of James P. Siepmann follows:]

APRIL 5, 1984.

To: Subcommittee on Postsecondary Education.
From: James P. Siepmann, Mayo Medical School.

The following testimony is based upon input from graduate and professional students currently at the University of Minnesota and Mayo Medical School. I feel that this testimony is representative of my peers in graduate/professional school.

The United States is one of the few countries in the world which places a greater emphasis on a student's ability to finance his higher education rather than his qualifications. The blame for this rests not only on the institution's high costs and low qualification standards but also on the government for its lack of available funding for qualified students who lack financial resources. The federal government's role should be one of making such funds available within an efficient and reliable system of distribution of the appropriations. One method of achieving this objective would be to simplify the existing system so as to increase its effectiveness and give students an easier means of access to the funds available.

Simplification can occur by combining the existing loan programs or simplifying the application process. Proposals which exemplify simplifying the hodge-podge of loan programs are the Institutional Block Grant Program and the Simplification of the Student Aid Process. These two proposals would help the many students who yearly miss out on programs they are eligible for due to lack of financial counseling at their institution, or misinformation about eligibility or application procedures. Simplification of the application process and eligibility requirements are brought out in the Simplification of Student Aid Process and the Independent Student Definition proposals. The application process should be fairly simple, but in reality it surpasses even the 1040 which is the 'gold standard' of complexity and incomprehensibility. Not only does each individual program have its own mass of forms but most graduate/professional schools also require the infamous GAPSFAS. It would not be an exaggeration to say the application process for financial aid is more complicated than that for admission to graduate/professional school.

Making funds accessible is only part of the solution for it is all too often the case that the 'inexpensive' monies are inappropriately awarded. Proposals such as the Institutional Block Grant Program and the Simplification of the Student Aid Process attempt to alleviate this situation by shifting the decision-making process to the institution. The institutions are much closer to the 'need' than Washington, D.C. and can therefore see how appropriations could best be used and by whom.

This brings me to the concept of what form federal appropriations should be in for maximal effectiveness and benefit. One possiblility is brought forth by the Loan Burdens Facing Graduate/Undergraduate Students proposal which would shift the emphasis from loans to grants and work assistance. This is a good start but the shift should also be towards, if not primarily so, scholarship. By creating a shift to scholarships we would be putting more emphasis back on qualifications, where it should be. Grants are too often abused for they are viewed by many as 'free money.' By having scholarships for academic excellence pro-rated for need, we could cut out virtually all the abuse of the grant system.

The shift to scholarship from loan would be a major step forward, but it is only part of the answer, for loans will continue to be a large part of gaining a higher education. Though none of the presented proposals address the current loan situation, I would like to do that now. With the rising cost of higher education (i.e., medical school tuition now upwards of $10,000 per year for many schools), students are forced by the low yearly and total limits of the GSL to obtain high-interest loans such as PLUS and HEAL. These "expensive" loans cause students to often have un-

manageable debts upon graduation. I do not believe it to be an exaggeration to say that the majority of medical students today will have a debt upward of $50,000. This is further compounded by the lack of finance for 3-9 years post-graduation due to minimal paying residencies. I was told that as a doctor I would not catch up to the cumulative finances of a garbage collector until I was over 50 years old, and it was true! Is this the future which we wish to portray to those who are making career choices. We may find ourselves lacking good, qualified people in positions of responsibility and social need.

Before I conclude, I would like to address some possibilities for future legislation that I deem necessary for the survival of higher education:

(1) The yearly and total GSL limits should be increased to $10,000 and $40,000, respectively.

(2) MORE MONEY! There needs to be more money appropriated to scholarship and loan programs.

(3) With the changing interest rates for GSL and PLUS, the rates should be averaged upon consolidation rather than fixed across the board.

(4) More options should be available for refinancing loans.

(5) There should be stiff penalties for loan default and greater fervor in collection procedures, for money defaulted is money lost from the program. The IRS would make an excellent watchdog agency.

In conclusion, I would like to express my support for the following legislation: the Independent Student Definition, the Institutional Block Grant Program, the Simplification of Student Aid Process, and the Loan Burden Facing Graduate/Undergraduate students.

I would also like to register my disapproval of the proposal for the Creation of the National Center for Postsecondary Educational Opportunity. Finally, I would like to thank the Subcommittee for their sincere interest in higher education.

Sincerely,

JAMES P. SIEPMANN.

STATEMENT OF TOM HENNESSY, MEMBER, AMERICAN MEDICAL STUDENT ASSOCIATION

Mr. HENNESSY. My name is Tom Hennessy. I am a member of the American Medical Student Association, which is the largest medical student organization in the country. I am also or was a recent representative from Mayo at the national convention held in Washington, DC.

We are especially concerned about the direction of health care in the 1980's and how financial concern affect that direction.

A medical student facing large debts from medical school and undergraduate education faces fewer options as far career specialty and will likely opt for a higher paying field in a more secure location.

I'm concerned that rural and underserved areas will suffer as students make career decisions dictated by economics and not preference.

It is my priority to practice in an underserved area. If I'm strapped in an increasing debt load, I'm afraid that I'll have to fork over to lay such options in favor of paying back these increasing debts.

Low-income students will be discouraged from medicine I'm afraid by the high cost of education. It has been shown that students from rural and otherwise underserved areas return to those areas after medical school and graduate residency to serve those areas and if students from those areas aren't allowed in medical basically on financial needs, then those areas might suffer and that's a concern.

I'm in favor, as Jim is, of supporting GSL programs and also National Health Service Program which is designed to accommodate

those needs and something else that accompanies that is exception need program which helps students who are in such situations get a loan.

I'm concerned that medical education will become the domain exclusively of the wealthy who can afford to go to medical school. I would like to see programs that would be enacted to help medical students of low income.

Mr. PENNY. Thank you for your testimony.

STATEMENT OF JEFF HALLOIN, STUDENT, ST. OLAF COLLEGE, NORTHFIELD, MN

Mr. HALLOIN. My name is Jeff Halloin. I am currently a student at St. Olaf College in Northfield, MN.

Representative Penny and Representative Gunderson, having grown up in Wisconsin's Third District and now attending college in Minnesota's First, I have the unique distinction of addressing both my Congressmen today in a sense, and I share your opinion that the districts are very similar. They have a lot of students. However, Wisconsin seems to have more cows and Minnesota more snow.

In terms of organizations that I belong to, I am also a member of COPCUS, Coalition of Independent College and University Students. I'm involved in the student government at St. Olaf and with regent government at St. Olaf, but first and foremost I currently serve as president of MAPCS, Minnesota Association of Private College Students.

Originally formed by 6 student government presidents in the early 1970's, MAPCS today represents the interests of more than 30,000 students at Minnesota's 17 independent colleges and universities.

We appreciate the opportunity to comment on House Resolution 5240 this afternoon.

I should also note at the outset that MAPCS is affiliated with the National Coalition of Independent College and University Students, or COPUS, as I mentioned earlier.

Because MAPCS shares many of the concerns which COPUS noted in testimony before this subcommittee on March 27, 1984, I will confine myself today to comments about the impact of proposed changes in title IV programs on Minnesota college students.

In the Pell grant programs MAPCS shares the concern that increasing the maximum Pell grant from $1,900 to $3,000 could potentially create a significant shift of dollars away from independent institutions.

Even with the 75 percent cost allowance provision which has been included in the legislation, MAPCS fears that the ability of the private colleges to attract low-income students will be severely undermined.

We believe that the new Pell grant provisions will allow many of Minnesota's less expensive community colleges and state universities to offer financial aid packages which cover nearly 100 percent of students' costs.

Independent colleges, however, must still offer low-income students loans or work-study jobs as a major component of these students' financial aid package.

We believe that given the choice between increased indebtedness and a virtually cost-free education, we have no doubt that most students will choose the latter.

Like the Federal Government, financial aid programs in Minnesota, as we have heard this afternoon, are designed to provide both access and choice in post secondary education for low- and middle-income students.

The State has also recognized, however, that students attending AVTI's, community colleges, State universities or the University of Minnesota have approximately half of their educational costs subsidized by institutional operating cost appropriations.

For example, in fiscal year 1983, the instructional cost of educating a student at the University of Minnesota was nearly identical to that of independent colleges—$8,999. However, the tuition and fees reflect only 46 percent of this cost and, as noted earlier by Dr. Osnes, the student share is actually closer to 35 percent of these costs.

Because of this disparity in institutional subsidy, the Minnesota Higher Educational Coordinating Board recognized in 1983 that differing levels of institutional subsidy will have to be offset by differing levels of direct student aid if the goals of access and choice are to be realized.

If the subcommittee is truly concerned about low-income students' access to independent institutions, MAPCS recommends that this philosophy be employed on the Federal level as well.

Many of the problems with the Pell Grant Program could be alleviated if the awards were sensitive to the cost of the institution. By altering the Pell grant cost allowance in this manner, the subcommittee would provide low-income students with expanded access to all institutions of higher education without unfairly burdening any sector of post secondary education.

The problems with the Pell Grant Program which I have just described take on added significance in light of the new formula for appropriating college work-study and I might add the institutional grant programs.

As the subcommittee is aware, under the new formula college work-study money is distributed on the basis of Pell grant and GSL awards made to the students at the institutions the previous year.

Now if the increased cost allowance in the Pell Grant Program indeed causes a shift in dollars for the public sector, independent colleges, and universities will be able to maintain past levels of work-study funds only if the number of GSL's increases on that campus.

Even with the hold-harmless provision, it is conceivable that independent institutions could be confronted with a 10-percent reduction in work-study funds. Faced with these reductions, MAPCS fears that these colleges will be much more hesitant to grant students institutional aid if there is even a remote possibility that he or she could qualify for a GSL. The end result, as we have heard so much today, is increased student indebtedness and all the problems that entails.

In the area of the institutional block grants, we applaud the chairman's desire to simplify those programs and allow for more flexibility on the campus level, in principle.

We are concerned, however, that the supplemental educational opportunity grant, State student incentive grant, and the national direct student loan programs will be particular vulnerable to cost reductions if they are combined into one block grant.

The enormous cost in the Pell Grant Program from $2.8 billion to a minimum of $5 billion under the entitlement provision, combined with a potential $200 billion budget deficit which the CBO has projected for fiscal year 1985, we believe make the institutional block grant proposal the most likely candidate for budget cuts in title IV.

MAPCS believes it would be a tragedy for Congress to attempt to fund the increased Pell grant proposal by shifting funds from the campus-based programs or SSIG.

We are also disturbed about the proposal to allow NDSL's and GSL's to float under the interest rate for Treasury bills. COPUS has already informed the subcommittee of its concerns on this matter, but I wish to emphasize that GSL's play a vital role in many students' ability to attend independent colleges.

By making it impossible for students to identify how much debt they are accumulating until they begin repayment, we fear the plan creates another disincentive for students to attend independent universities.

MAPCS enthusiastically supports extending the needs test to all students who apply for GSL's in order to assure that the Federal dollars reach the most deserving students.

We are somewhat dismayed, however, by the new gross family income eligibility gap.

If the needs test determines that a student whose gross family income exceeds $65,000 is still deserving of the award, it seems somewhat unfair to penalize that student because of an arbitrary income cap.

The new income cap ignores any possible extenuating circumstances a student may face, such extraordinary health costs or numerous family members attending college simultaneously, and we fear it could deprive qualified students of necessary financial assistance.

MAPCS views House Resolution 5240 as a positive first step in dealing with many of the problems associated with the current administration of title IV. We hope the subcommittee will note our concerns.

MAPCS would like to also formally express our appreciation to the members of the subcommittee who have traveled to Minnesota today for these hearings, and Representative Penny in particular. During his tenure in the Minnesota Legislature, Representative Penny was responsible for every piece of legislation which concerned the financial needs of college students. We are pleased to find that his office continues to articulate the students' concerns on the Federal level as well.

Thank you very much.

Mr. PENNY. Thank you for your testimony.

[Prepared statement of Jeff Halloin follows:]

ERIC

PREPARED STATEMENT OF JEFF HALLOIN, PRESIDENT, MINNESOTA ASSOCIATION OF PRIVATE COLLEGE STUDENTS

My name is Jeff Halloin and I am a student at St. Olaf College in Northfield, Minnesota. I currently serve as the President of MAPCS, the Minnesota Association of Private College Students. Originally formed by six student government presidents in the early 1970's, MAPCS today represents the interests of more than 30,000 students at Minnesota's 17 independent colleges and universities. We appreciate the opportunity to comment on H.R. 5240 this afternoon.

I should note at the outset that MAPCS is affiliated with the National Coalition of Independent College and University Students, or COPUS. Because MAPCS shares many of the concerns which COPUS noted in testimony before this subcommittee on March 27, 1984, I will confine myself today to comments about the impact of proposed changes in Title IV programs on Minnesota college students.

In the Pell Grant programs, MAPCS shares the concern that increasing the maximum Pell Grant from $1,900 to $3,000 could potentially create a significant shift of dollars away from independent institutions. Even with the 75 percent cost allowance provision which has been included in the legislation, MAPCS fears that the ability of private colleges to attract low income will be severely undermined. We believe that the Pell Grant provisions will allow many of Minnesota's less expensive community colleges or state universities to offer financial aid packages which cover nearly 100 percent of students' costs. Independent colleges, however, must still offer students loans or work-study jobs as a major component of low income students' financial aid packages. Given the choice between increased indebtedness and virtually cost free education, we have no doubt that most students will choose the later.

Like the Federal Government, financial aid programs in Minnesota are designed to provide "access" and "choice" in postsecondary education for low and middle income students. The state has also recognized, however, that students attending AVTI's, Community Colleges, State Universities or the University of Minnesota have approximately half of their educational costs subsidized by institutional operating cost appropriations. For example, in FY 1983 the instructional cost of educating a student at the University of Minnesota was nearly identical to that of independent colleges—$8,999; however, University tutition and fees reflect only 46 percent of this cost. Because of this disparity in institutional subsidy, the Minnesota Higher Education Coordinating Board recognized in 1983 that "differing levels of institutional subsidy will have to be offset by differing levels of direct student aid" if the goals of access and choice are to be realized.

If the subcommittee is truly concerned about low income students' access to independent institutions, MAPCS recommends that this philosophy be employed on the Federal level as well. Many of the problems with the Pell Grant program could be alleviated if the awards were sensitive to the costs of the institution. By altering the Pell Grant cost allowance in this manner, the subcommittee would provide low income students with expanded access to all institutions of higher education, without unfairly burdening any sector of postsecondary education.

The problems with the Pell Grant program which I have just described take on added significance in light of the new formula for appropriating College Work Study. As the subcommittee is aware, under the new formula College Work Study monies would be distributed on the basis of Pell Grant and GSL awards made to students at that institution the previous year. If the increased cost allowance in the Pell Grant program indeed causes a shift in dollars to the public sector, independent colleges and universities will be able to maintain past levels of Work Study funds only if their number of GSL's increase. Even with the hold harmless provision, it is conceivable that independent institutions could be confronted with a ten percent reduction in work study funds. Faced with these reductions, MAPCS fears that these colleges will be much more hesitant to grant students institutional aid if there is a possibility that he or she could qualify for a GSL. The result is increased student indebtedness.

In the area of institutional block grants, we applaud the Chairman's desire to simplify these programs and allow for more flexibility at the campus level. We are concerned however, that the Supplemental Education Opportunity Grant (SEOG), State Student Incentive Grant (SSIG), and the National Direct Student Loan (NDSL) programs will be particularly vulnerable to cost reductions if they are combined into one block grant. The enormous cost increases in the Pell Grant program (from $2,8 billion to a minimum of $5.0 billion) combined with potential $200 billion budget deficits which the CBO has projected FY 1985, we believe make the institutional block grant proposal the most likely candidate for budget cuts in Title IV. MAPCS

believes it would be a tragedy for Congress to attempt to fund the increased Pell Grant proposal by shifting funds from the campus based programs or SSIG.

We are also disturbed about the proposal to allow NDSL's and GSL's to float under the interest rate for Treasury Bills. COPUS has already informed the subcommittee of its concerns on this matter, but I wish to emphasize that GSL's play a vital role in many students' ability to attend independent colleges. By making it impossible for students to identify how much debt they have accumulated until they begin repayment, we fear the plan creates another disincentive for students to attend independent universities.

MAPCS enthusiastically supports extending the "needs" test to all students who apply for GSL's in order to assure that federal dollars reach the most deserving students. We are somewhat dismayed, however, by the new gross family income eligibility cap. If the "needs" test determines that a student whose gross family income exceeds $65,000 is still deserving of the award, it seems somewhat unfair to penalize that student because of an arbitrary income cap. The new income cap ignores any possible extenuating circumstances a student may face, such as extraordinary health costs or numerous family members attending college simultaneously, and could deprive qualified students of necessary financial assistance.

MAPCS views H.R. 5240 as a positive first step in dealing with many of the problems associated with the current administration of Title IV. We hope the subcommittee will note our concerns.

MAPCS would also like to formally express our appreciation to the members of the subcommittee who have traveled to Minnesota today for these hearings, and Representative Penny in particular. During his tenure in the Minnesota Legislature Representative Penny was responsibile for every piece of legislation which concerned the financial needs of college students. We are pleased to find that his office continues to articulate students' concerns on the federal level. Thank you.

STATEMENT OF STEPHANIE WALKER, PRESIDENT, MANKATO STATE STUDENT ASSOCIATION, AND MEMBER, MINNESOTA STATE UNIVERSITY STUDENT ASSOCIATION, ACCOMPANIED BY EDUARDO WOLLE, EXECUTIVE DIRECTOR, MSUSA; AND BRAD ARNDT, PRESIDENT, WINONA STATE STUDENT ASSOCIATION

Ms. WALKER. My name is Stephanie Walker. I am president of the Mankato State Student Association and also a member of Minnesota State University Student Association Presidents Council.

On my left is, Eduardo Wolle. He is the executive director of MSUSA, and next to him is, Brad Arndt, the president of Winona State Student Association.

Mr. Penny and Mr. Gunderson, my name is Stephanie Walker. I am president of the Mankato State University Student Association and a member of the Minnesota State University Student Association of which Mr. Penny was a member and chief lobbyist.

My presentation today is on behalf of the Minnesota State Student Coalition, which consists of the Minnesota Student Association of the University of Minnesota, the Minnesota Area Vocational and Technical Student Association, the Minnesota Community College Student Association and our association, MSUSA.

These combined student groups represent well over 100,000 students in the State. We appreciate this opportunity to testify.

Since we received the bill only yesterday, we ask that you allow us to comment extensively in writing at a later date.

Mr. PENNY. That will be just fine.

Ms. WALKER. We would particularly like to thank Mr. Penny's staff, especially Pam Wheelock, for sending us a copy of the bill.

We are concerned that the subcommittee is moving rather quickly on what to us is a major policy bill and in any scramble in politics those who can reap the benefits of a well organized and sound policy are the ones who could get hurt.

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Students want the best policy in higher education they can get. We expect it and the voters expect it. H.R. 5240 and the scramble around it does not provide sound policy or offer consistency to programs many students live by in college.

Some specific areas of concern that we feel must be changed if the Higher Education Act is to continue to serve minority and low-income students in the manner it has in the past are independent student definition, campus-based block grants, insurance premiums for guaranteed student loans, half-cost limitations and loan consolidation provisions.

We were surprised and somewhat dismayed at the recommended independent student definition in H.R. 5240. The requirements that a student be 24 years of age or have to prove $2,700 in income are both overly stringent and an administrative nightmare.

Mr. Chairman, in testimony before this subcommittee last October, witness after witness specifically stated that after exhaustive reviews of existing data no or very little abuse could be found in the independent student status. At those hearings no one suggested that the Pell Grant Program should adopt these standards.

In fact, representatives of the Pennsylvania Higher Education Assistance Association [PHEAA], who have these standards in effect in their State, recommended, and I quote, "it may not be wise to use these standards for the Pell Grant Program; cost savings would be minimal and the administrative costs would probably be high."

At that hearing, it was further highlighted by witnesses from ACT and the college board and the National Coalition on Student Aid that the types of student who claims independent status at an early age, such as under 22, is most likely to be very low income and minority.

I would further submit, Mr. Chairman, that the low-income minority students are very likely to live on considerably less than $4,700 a year and are equally likely not to have proof of what income may exist.

Mark Hefron, assistant vice president for ACT, has a favorite anecdotal story that goes like this.

While he was a financial aid administrator at the University of Colorado, which did demand that students claiming independence show proof of income, he would have students come into his office from a variety of minority backgrounds.

He and his colleagues didn't realize, however, that statistical and logical middle-class standards did not apply to these students. They would consistently find oriental families of four to five children with incomes of $5,000 to $6,000.

Logic would dictate, and existing law would allow, that these families would not have and in fact could not contribute financially to a child's postsecondary education. However, these same families consistently came up with $400 to $500 a year for their children.

Similarly, when he dealt with independent migrant students, they could show very little income, yet they managed to provide for themselves and even help their families. In their case, simple proof that they were registered with the Migrant Council was sufficient proof for the university that they were independent students.

A set Federal standard such as that in H.R. 5240 would preclude the ability of those migrant students to prove independent status and therefore would deny them a postsecondary education.

Discretion must be allowed to campuses if Federal student aid programs are to work effectively.

Another provision of H.R. 5240 dealing with independent students is the question of accessibility to loan money.

The 1980 amendment to the Higher Education Act provided access to specific amounts to these students. The 1981 technical amendments cut back those limits. H.R. 5240 cuts access to the PLUS program and provides no higher loans to these students.

Mr. Simon has been a friend to the students in the past. Provisions like these seem to us to make this an antistudent piece of legislation. Why should these students be penalized simply because they are independent?

While my previous statement asked for campus discretion in the student aid programs, the campus-based block grant is simply not the right approach.

At this point in time, to our knowledge, the subcommittee has not done any research to determine the impact of changing the existing programs. There is an old adage which legislators often use, especially when students approach them with ideas to change relationships between colleges and students—if it ain't broke, don't fix it.

Mr. Chairman, the campus-based program ain't broke. Quite to the contrary, they have served millions of students very well.

Another concern we have in regard to the campus block grant concerns what funding levels will be possible if the Pell Grant Program became an entitlement, although we would like to see it as an entitlement.

It is unrealistic that both a GSL entitlement and Pell grant entitlement could be funded and that there would be money left over for other student aid programs.

Under its current design, I am sorry to say, the student aid proposals appear to be a promise that can never be kept.

We are disheartened that Chairman Simon has decided to ignore the many recommendations that the insurance premiums paid by students in the GSL Program should be eliminated.

Under the provisions of the current law, all guaranty agencies receive 100 percent reinsurance on defaulted loans. Therefore, as the National Commission on Student Financial Assistance concluded, there is no need for that charge to students.

This leads us to a broader concern that is directed to the philosophy of the Simon bill. We have been told by Washington staff that H.R. 5240 if enacted as proposed would add approximately $4.5 billion to the current funding levels of the Higher Education Act.

We find it extremely disappointing that at every turn, even with this almost 100 percent in funding, student eligibility for aid is diminished or eliminated, student fees remain constant or are increased even in the face of recommendations that they be eliminated, and the costs to the students are considerably raised in the GSL and NDSL programs.

We do not understand why more money is being spent but fewer students will be eligible and will receive fewer dollars.

Consistent with the concept that a student should receive the full amount of the grant for which he is eligible, the present half-cost limitation should be removed.

As the Carnegie Council has emphasized in the past, this provision is inconsistent with the Pell grant objective of ensuring equality of opportunity. It reduces the grant for needy students attending low tuition institutions, but does not affect eligible students attending higher priced institutions.

This penalty for choosing low-tuition programs does not constitute equity to needy students.

Some fears were raised at a recent hearing of this subcommittee that raising the limits to 75 percent would adversely affect students at higher priced institutions.

We find no grounds for this concern or for removing the half-cost provision if balanced steps are taken to provide not only student access to postsecondary education but student choice among public and private institutions.

We view strengthening of the SEOG Program as the means of providing this critical element of choice and therefore an essential companion to our recommendation for clarifying the role of Pell grants as providing student access.

It is important to recognize that many private institutions are facing serious financial difficulties. However, appropriate measures to sustain them should not penalize students in the public sector, either through increasing tuition or artificially the amount of aid available to those attending low-priced institutions as is perceived by many of our students here in Minnesota.

Our final area of concern as outlined above is the Loan Consolidation Program. Again report after report has indicated that students are in dire need of a reasonable Loan Consolidation Program. What is being proposed is not reasonable.

It is ironic that in 1984, when the T-bill rates are 9.2 percent, the recommendations for loan consolidation are far more stringent than they were in 1980 when T-bill rates were 14 percent.

Recent statistics from Sallie Mae and the Department of Education indicates that there is a new class of defaulter developing. They are the students who cannot make monthly repayments because the rate is simply too high.

The provisions in H.R. 5240 do not provide adequate relief. We encourage the subcommittee to return to the 1980 loan consolidation requirements.

Once again we are sorry we were not able at this time to present a full analysis of H.R. 5240, and we hope this subcommittee will exercise some restraint in approaching the reauthorization of the Higher Education Act.

Thank you for your time.

Mr. PENNY. Thank you for your testimony.

[Prepared statement of Stephanie Walker follows:]

PREPARED STATEMENT OF STEPHANIE WALKER, PRESIDENT, MANKATO STATE UNIVERSITY STUDENT ASSOCIATION

Mr. Penny and Mr. Gunderson, my name is Stephanie Walker. I am president of the Mankato State University Student Association and a member of the Minnesota

State University Student Association, of which Mr. Penny was a member and chief lobbyist.

My presentation today is on behalf of the Minnesota State Student Coalition which consists of the Minnesota Student Association of the University of Minnesota, the Minnesota Area Vocational Technical Student Association, the Minnesota Community College Student Association and our association MSUSA. These combined groups represent well over 100,000 students in the State.

Since we received this bill only yesterday, we ask that you allow us to comment extensively in writing at a later date. We would particularly like to thank Mr. Penny's staff, especially Pam Wheelock, for sending us a copy of the bill.

We are concerned that the subcommittee is moving rather quickly on what to us is a major policy bill. In any scramble in politics, those who could reap the benefits of a well organized and sound policy are the ones who could get hurt. Students want the best policy in higher education they can get. We expect it and the voters expect it. H.R. 5240 and the scramble around it does not provide sound policy or offer consistency to programs many students live by in college.

Some specific areas of concern that we feel must be changed if the Higher Education Act is to continue to serve minority and low income students in the manner it has in the past are:

Independent student definition, campus based block grants, insurance preminums for guaranteed student loans, half cost limitations, and loan consolidation provisions.

INDEPENDENT STUDENTS

We were surprised and somewhat dismayed at the recommended independent student definition in H.R. 5240. The requirements that a student be 24 years of age or have to prove $4,700 in income is both overly stringent and an administrative night mare. Mr. Chairman, in testimony before this subcommittee last October, witness after witness specifically stated that after exhaustive reviews of existing data, no or very little abuse could be found in the independent student status. At those hearings, no one suggested that the Pell Grant Program should adopt these standards. In fact, representatives of the Pennsylvania Higher Education Assistance Association [PHEAA], who have these standards in affect in their State, recommended, and I quote: "It may not be wise to use these standards for the Pell Grant Program. Cost savings would be minimal and the administrative cost would probably be high."

At that hearing it was further highlighted by witnesses from act and the college board and the National Coalition on Student Aid that the types of student who claims independent status at an early age; that is under 22, is most likely to be very low income and minority. I would further submit, Mr. Chairman, that these low income minority students are very likely to live on considerably less than $4,700 a year and are equally likely not to have proof of what income may exist. Mark Hefron, assistant vice president for ACT has a favorite anecdotal story that goes like this:

When he was a financial aid administrator at the University of Colorado—which did demand that students claiming independence show proof of income—he would have students come into his office from a variety of minority backgrounds. He and his colleagues soon realized, however, that statistics and logical middle class standards did not apply to these students. They would consistently find Oriental families of 4 to 5 children with income of $5,000 to $6,000. Logic would dictate and existing law would allow that these families would not have and in fact could not contribute financially to a child's post secondary education. However, these same families consistently came up $400 to $500 a year for their children. Similarly, when he dealt with independent migrant students, they could show very little income. Yet they managed to provide for themselves and even helped their families. In their case, simple proof that they were registered with the migrant council was sufficient proof for the university that they were independent students.

A set Federal standard such as that in H.R. 5240 would preclude the ability of those migrant students to prove independent status and therefore would deny them a postsecondary education. Discretion must be allowed to campuses if Federal student aid programs are to work effectively.

Another provision of H.R. 5240 dealing with independent students is the question of accessability to loan money. The 1980 Amendments to the Higher Education Act provided access to specific amounts to these students. The 1981 technical amendments cut back those limits. H.R. 5240 cuts access to the plus program and provides no higher loans to these students. Mr. Simon has been a friend to students in the

past. Provisions like these seem to us to make this an antistudent piece of legislation. Why should these students be penalized simply because they are independent?

CAMPUS BLOCK GRANT

While my previous statement asked for campus discretion in the studend aid programs, the campus based block grant is simply not the right approach. At this point in time to our knowledge the subcommittee has not done any research to determine the impact of changing the existing programs. There is an old adage which legislators often use especially when students approach them with ideas to change relationships between colleges and students: If it ain't broke, don't fix it. Mr. Chairman, the campus based programs "ain't broke." Quite to the contrary, they have served millions of students very well.

Another concern we have in regard to the campus block grant concerns what funding levels will be possible if the Pell Grant Program became an entitlement, although we would like to see it as entitlement, it is unrealistic that both a GSL entitlement and Pell Grant entitlement could be funded and that there would be money left over for other student aid programs. Under its current design, I am sorry to say, they student aid proposals appear to be a promise that can never be kept.

INSURANCE PREMIUMS

We are disheartened that Chairman Simon has decided to ignore the many recommendations that the insurance premiums paid by students in the GSL program should be eliminated. Under the provisions of current law, all guarantee agencies receive 100 percent reinsurance on defaulted loans. Therefore, as a national commission on student financial assistance concluded, there is no need for that charge to students.

This leads us to a broader concern that is directed to the philosophy of the Simon bill. We have been told by Washington staff that H.R. 5240, if enacted, as proposed, would add approximately $4.5 billion to the current funding levels of the Higher Education Act. We find it extremely disappointing that at every turn, even with this almost 100 percent in funding, student eligibility for aid is diminished or eliminated, student fees remain constant or are increased even in the face of recommendations that they be eliminated and the cost to the student are considerably raised in the GSL and NDSL programs. We do not understand why more money is being spent but fewer students will be eligible and will receive fewer dollars.

HALF COST PROVISION

Consistent with the concept that a student would receive the full amount of the grant for which he is eligible, the present half cost limitation should be removed. As the Carnegie Council has emphasized in the past, this provision is inconsistent with the Pell Grant objective of ensuring equality of opportunity: It reduces the grant for needy students attending low-tuition institutions, but does not affect eligible students attending higher priced institutions. This penalty for choosing low-tuition programs does not constitute equity to needy students.

Some fears were raised at a recent hearing of this subcommittee that raising the limit to 75 percent would adversely affect students at higher priced institutions. We find no grounds for this concern or for removing the half cost provision, if balanced steps are taken to provide not only student access to post secondary education, but student choice among public and private institutions. We view strengthening of the SEOG program as the means of providing this critical element of choice, and therefore an essential companion to our recommendation for clarifying the role of Pell grants as providing student access.

It is important to recognize that many private institutions are facing serious financial difficulties. However, appropriate measures to sustain them should not penalize students in the public sector, either through increasing tuition or artifically limiting the amount of aid available to those attending low-priced institutions, as is perceived by many of our students here in Minnesota.

GSL

Our final area of concern as outlined above is the loan consolidation program. Again, report after report has indicated that students are in dire need of a reasonable loan consolidation program. What is being proposed is not reasonable. It is ironic that in 1984 when the T-bill rates are 9.2 percent, the recommendations for loan consolidation are far more stringent than they were in 1980 when T-bill rates were

14 percent. Recent statistics from Sallie Mae and the Department of Education indicate that there is a new class of defaulter developing. They are the students who cannot make monthly repayments because the rate is simply too high. The provisions in H.R. 5240 do not provide adequate relief. We encourage the subcommittee to return to the 1980 loan consolidation requirements.

Once again, we're sorry we were not able that this time to present a fully analysis of H.R. 5240. We hope the subcommittee will exercise some restraint in approaching the reauthorization of the Higher Education Act. Thank you for your time.

Mr. PENNY. Eduardo, did you come prepared to add to the testimony?

Mr. WOLLE. No. Only if there are questions. One point is in looking over this, I think at this point we are opposed to the needs analysis test for GSL.

Mr. PENNY. Brad, welcome to the committee.

Mr. ARNDT. Yes. The only thing that I would like to add is that we also look at—we have declining enrollments and I think by having a 24-year and older for independent student status it takes away from the students that are under that age which may affect their decision on attending school, so I think by changing that status, or having that status of 24 and older it also could add to the problem of declining enrollments.

Mr. PENNY. Thank you all, first of all, for your excellent testimony and your willingness to travel, for those of you who had to travel, to be with us here today and to give us a student perspective from the various campuses here in our State.

Can we improve the student loan programs by changing significantly the repayment structure that now exists? Are there proposals that you would make to make our repayment system easier for the students to handle?

Mr. SIEPMANN. There are several things that I feel are appropriate. One is the extension of the repayment period. Currently the proposal for 15 years is nice, but even that is sometimes inadequate depending upon the degree of loan available for those who have in excess of $50,000 in loans and sometimes that is not even a viable alternative with the accumulation of interest.

Another aspect that might help, too, in the repayment is to decrease the amount of loans from an unmanageable level to a manageable level. I think part of that is dependent upon the school and its financial counseling and that varies from school to school.

Another aspect of it is to increase the level of yearly limits of GSL and cumulative limits of GSL. I can't stress enough how much that is hurting the medical school and postgraduate education in that the yearly limits are way too low.

Many students have gone through college working their way through and did not use GSL and they come to medical school and are unable to meet—even get to the cumulative limit of 25,000 because they're taking on a maximum of 5,000 per year.

To increase the yearly limit to 10,000 per year postgraduate, I feel would be a minimum of what is necessary for the GSL and a cumulative limit of a minimum of 40,000 would not—I feel is totally appropriate at this stage.

Mr. HALLOIN. We are somewhat concerned about the 15-year period, also, and here I would refer you to the COPUS testimony which I spoke of earlier.

If I recall the numbers correctly, by moving to 15 years to pay off that loan, what you've done is increase the amount that the student has to pay monthly, I believe 16 percent, up to $261, and you can check those figures.

Obviously that presents a problem when you compact the time that we have to pay back those loans.

Separately, I believe MAPCS believes that there seems to be over-reliance on the student loan program at the Federal level. What we would like to see ideally is perhaps to expand the work-study loans.

I think we've heard a lot of testimony this afternoon that suggests that students are leaving postsecondary education with enormous debts and I would propose, gentlemen, that when you leave college with $50,000 in debts, that influences your decisions for many years to come, in terms of buying a house, or if you and your spouse both have those loans to pay off, it is going to be extremely detrimental.

That's what we suggest you look at. Simply increasing the amount of money that students can borrow helps in the short term, helps them get the education, but in the long term we're not sure that that's the proper policy.

Ms. WALKER. If you don't mind, we would like to address this further in our analysis of the bill because this is an area that is of high concern to us.

Mr. WOLLE. One point is, of course, the graduate students, and this is something that has concerned us since we are speaking on behalf of the University of Minnesota students also. I think their concern would be with large numbers of loans and I think we will be addressing that in our response to you also.

Mr. PENNY. How do you feel the changes in the Minnesota financial aid programs has affected students on your various campuses?

Are you finding that the changes worked at a disadvantage at high-cost schools as opposed to the public institutions?

Mr. SIEPMANN. This isn't really appropriate.

Mr. PENNY. This might be a point and counterpoint.

Mr. HALLOIN. I don't know how much you would want to get involved in a specific point and counterpoint. We've taken those steps up at the State legislature and bent their ear on it.

Briefly, I'm sure under shared responsibility as it was put into effect, the private college students ended up responsible, being responsible, for more of their educational costs than any other sector.

If I'm not mistaken, the figure was 61 percent of the cost that the private institution students were actually forced to bear as opposed to 50 percent in those other areas.

My understanding is that that is going to be corrected. It was due to a cap that was placed on it and I'm not sure how much more needs to be said in these hearings on that matter.

I think what you may want to consider, though, it has been told to me now by a couple of individuals that all you might be doing in granting increased help grants in the State of Minnesota is ensuring that the Federal Government pays a larger share of the actual moneys going to students than the State.

I mean under shared responsibility as I understand it, with the limits that we have in place, the numbers of financial aid moneys

ERIC

going to students are going to be pretty much the same, even with the increases in the Pell grant situation.

The difference will be that the ratio of the State moneys involved in the package will be less.

Now I'm not sure if that type of increase then is going to help anyone. That's why we would rather see it be put in other programs.

Ms. WALKER. As far as our students are concerned, with the high tuition increases that we've received lately the financial aid doesn't begin to cover those increases so the difference in financial aid in the State of Minnesota hasn't done our students any more good.

I don't know how much more you want to go into it here.

Mr. PENNY. How can we best calculate a differential between on-campus and off-campus living costs? It seems to me that that is constantly a problem for policymakers and whatever definition we arrive at doesn't seem to mesh with reality.

Mr. HALLOIN. I'll tackle that first, if I may.

My understanding is under the new bill that if you lived in a dorm your allowance will be $2,000 and if you lived off campus $1,600, and if you lived at home it would be $1,200.

My understanding is the rationale behind those numbers is that it better helps the private college students because their comprehensive fee is larger.

I think what we would rather see, frankly, is a more rational policy in determining that allocation of funds and maybe increasing one of the other programs that can help the private college students directly.

Frankly, I'm sure it costs more to live off campus than on campus, especially at some place like St. Olaf where the rents are high in the immediate area.

I think what we would encourage you to do is perhaps look at that again and take any cost savings that can be realized there and put it into other programs.

Ms. WALKER. As far as our school is concerned, our room and board rates have been going up. Now it does still cost more to live off campus than it does on, but both are becoming quite competitive right now.

We'll be having in the State university system another 9-percent increase in room and board rates next year, so as far as the on campus and off campus, especially, as he said, in our immediate area—I know in Mankato the rents are higher than they are in other areas and it is more expensive to live off campus but that's becoming kind of close living on campus with the increase in the room and board rate.

Mr. WOLLE. Maybe these two you don't want to hear, but one is I think that what needs to be done is a study of the needs analysis system.

Here in Minnesota the students are pushing for that kind of a study on specifically assets, on farm assets, and how small business people deal with needs analysis systems.

Second, something that was done in 1972—it's going back a little bit—there was a commission which the Congress had formed which was the National Commission on Financing of Post Secondary Education.

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Maybe again you need to reexamine the issue of how students finance their education and the whole issue of financing of postsecondary education.

Mr. ARNDT. May I just add here, having lived in the dorms at Winona State University campus for 4 years, I've noticed over the 4 years how it has grown even closer, like Stephanie was saying.

I don't really see a differential between on campus and off campus in my own opinion because they have become so close. The students do say to me and to other people, and I hear this all the time, that it really doesn't make any difference whether they live on campus or off because it's so cohesive and close in cost now.

Mr. PENNY. Congressman Gunderson, any questions?

Mr. GUNDERSON. Just a couple of very quick questions so we can move on.

The present budget calls for a significant increase in work-study, between $25 and $300 million, and there has been some contention by some college and university people that there simply are not the jobs available on their campuses. They can't handle that kind of money.

How do you as students react to that type of an increase? Is it worthwhile? Is it not? Would you like it someplace else?

Mr. HALLOIN. I think that type of increase is absolutely worthwhile. I don't know of any student who would not rather be working and earning money while they're in school as opposed to getting out more loans and being forced to pay back that money later.

In terms of the fact that there may not be enough jobs available, maybe what needs to be done is to go back and look at the qualifications in terms of work-study and the types of areas that they can qualify for that assistance, types of jobs.

It may be that you would want to give them more money for working in nonprofit organizations, volunteer agencies, for students to take on those types of activities.

It may also be that the administrators need to sit down again and rethink what types of jobs are available on campus.

I think too often that type of discussion could generate some cafeteria work or library work, and I'm not sure that there might not be more opportunities in that that they're not exploring.

Ms. WALKER. Well, as far as we're concerned, we would favor an increase in work-study for the same reasons that he cited, that students would rather work than to take out loans.

As far as jobs on campus, maybe that wasn't specifically for the State universities that they said there weren't enough jobs on campus because this year we found ourselves having a shortage of work-study students where they were needed because the moneys were not available.

Mr. WOLLE. Just to touch up on what Stephanie said. I think we might agree with that, but as long as it is not at the expense of other programs we would go along with that.

Mr. ARNDT. And to add into that, also, like at our university we have—I think we have the same problem. We have work-study but we don't have enough students who are on work-study to be able to take the work-study, so there might be some leftover work-study, but if we could get more students and have more of an analysis of that to determine that they are able to have work-study.

We have more people on work-study to take up the work-study positions. I think more students are looking toward student help because that work-study is not available, or they're not available to take that work-study.

Mr. SIEPMANN. One quick comment. Postsecondary education such as medical schools are capable of getting work-study but most schools do not recommend it with the NDSL and so most medical schools do not take advantage of any work-study funds because they do not recommend their students doing work outside their education because postgraduate education is 24 hours a day and 7 days a week all year round, and that's a big problem with us.

We would like to work for our money but we don't have any time to and that's one reason we would like another plug for increasing the yearly and cumulative limits of the GSL. We're dying in that aspect.

Mr. GUNDERSON. I must tell you, Jim, as I was listening to your testimony, I couldn't help but recall that we provide access to health care for elderly through medicare and one of the ways we've decided to handle the whole cost of that program is to put some curbs on the charges made. When I listen to what we are charging in tuition for some of our students in medical school I'm not sure we shouldn't be looking at curbs in charges for tuition for the medical schools, et cetera.

It might go a long way in helping to solve this problem, not only for you but subsequent charges on our patients that happen to be our constituents.

Mr. HENNESSY. The two are connected.

Mr. SIEPMANN. Apparently tuition is doubling at a rate of about once every 4 or 5 years in the medical schools and that is just atrocious.

Mayo, for instance, 6 years ago was $2,200. Now it is up to $15,000 a year. The University of Minnesota used to be around $2,000. Now it is upward of $6,000 in the past 5 years.

It is atrocious the way education is going and it is a very major concern that higher education, especially medical education, is only going to become an asset of the rich and those who are capable of financially supporting it and there may be good doctors out there among the rich but I would like a broader spectrum of people out there in the higher education.

Mr. GUNDERSON. For public policy we need to look at the issue of whether or not we can continue to support unlimited grants and loans without any regard for the cost that is being charged.

Medical schools are a good example and frankly I think we can go beyond that but I'm not in any way suggesting that we ought to start regulating tuition at the Federal level.

Mr. PENNY. Again thank all of you for your excellent presentations and we appreciate the input you've given us. Again we have a long way to go before we finalize our work in the subcommittee on this bill and many of the proposals and recommendations we hear as we hold these hearings will find their way into the bill by the way of amendments when we get to the process of marking up this bill.

Thank you again.

Our last witness is Mr. Forrest Brown, head librarian at St. Olaf College.

Before Mr. Brown makes his presentation, I want to mention that other than the TRIO panel earlier today, we have focused primarily on financial aid programs for our college students, and if we give you the impression that the only thing in the Higher Education Act is financial aid, but in addition to the TRIO Program there are titles for institutional aid and teacher training programs and for library assistance, and for that reason we wanted to invite someone to testify on the library portion of the bill, and you are our choice and we look forward to hearing from you.

STATEMENT OF FORREST BROWN, HEAD LIBRARIAN, ST. OLAF COLLEGE

Mr. BROWN. I have become very aware how little I know about student aid during the course of this hearing.

I have been an academic librarian for 30 years and I have been the last 23 years the library director at St. Olaf College in Northfield, MN, which means that I have been there all the time of the period of the time of II-A grants to academic libraries so I've had an opportunity to see how that's done.

It started out apparently with the recognition that academic libraries in general were inadequate to meet the demands of the 1960's the very great expansion, the changes in interests, so in the earlier years many academic libraries were very generously helped but that has gone down very quickly.

During 1 year St. Olaf received $8,326. Last year we received $840. This year we received nothing.

The proposed amendments would fund title II-A again but it would limit its benefits to institutions that demonstrated a special need and that's what I mainly want to talk about today, the adequacy of the criteria which are set up for establishing who has those needs.

Apparently their rationale is that during the first years of the program the entire academic library world needed to be improved and developed, but now the stronger institutions, of which I think St. Olaf would be considered one, can do it on their own especially in terms of the very strong cooperative programs which have developed during this same period.

Somewhat reluctantly, since my St. Olaf probably wouldn't benefit under the new guidelines, I would agree with this position.

My experience bears out that the situation has changed from 1965 for the stronger academic library. We can better meet the demands that are placed upon us, partly because of the cooperative arrangements that have been developed during this same period.

The next question then concerns the adequacy of the criteria suggested for determining which institutions have a special need.

Four criteria are proposed—inadequate holdings, how much over 3 percent of the institutional budget is spent on the library, the number and percentage of low-income students as indicated by Pell grants, and eligibility for aid under title III.

I have several general questions about these criteria. First, has any kind of sample run been made to determine how many and what kinds of institutions will qualify?

Will the results be that funds will be distributed very unevenly, going perhaps largely to regions which historically have been unwilling to support higher education adequately?

Is there any way in which there could be a preliminary division of funds by region or by State? Weaknesses and strengths are, after all, relative terms, and in a nation as diverse as ours there is a wide variation from region to region and from State to State. It is unfair that a State like Minnesota which traditionally has sacrificed to support higher education be penalized.

Second, do the criteria ensure that funds will be given to institutions which can use them effectively? We do not want to pour money down ratholes. At the very least, we should ask for maintenance of effort commitments.

I want to devote most of my testimony, however, to questioning the adequacy of the first factor given, which is the one which deals directly with the library.

For decades, librarians have been trying to make people understand that the very worst way to evaluate a library is to count the books on the shelves. This kind of simplistic emphasis on one quantitative measure has nothing in its favor.

The weakness or strength of a library involves many factors more important than the volume count. Indeed, if one were to single out one library statistic which can be most misleading, it is that.

A practicing librarian immediately has a number of questions—what is included in the count? Each separate item, including a map or a pamphlet collection, can enormously inflate a figure.

Are microforms included and, if so, how? As separate physical items or in terms of the bibliographic entities they represent?

If the library is a depository for Government documents, is that collection included in the count? Has the collection been weeded? A truly weak library may not look weak in numbers simply because the overburdened staff has not had time to eliminate outdated material and so on and on.

There are more important considerations, however. First, a library is weak or strong not because of sheer amount of material, but in terms of the quality of support it provides programs of instruction of an institution. An institution emphasizing science will be heavy in periodicals. An institution oriented toward humanities will require a large monograph collection. An institution offering graduate study must have collections of quite a different scale than one which offers only undergraduate work.

Second, the important question is what resources can be made available, not simply what is on the shelves of the local library.

Libraries are not self-sufficient any more but rely heavily on cooperative arrangements. It would be foolish to overlook these.

While students at St. Olaf College have between 400,000 and 500,000 separate items available on the shelves of my library, including microforms and Government documents, they can in 15 minutes take the shuttle bus to the Carleton College campus on the other side of the Cannon River and gain access to a slightly larger

collection. If they can plan a few days ahead of need, we can get the materials not available in Northfield through the State supported interlibrary loan service called MINITEX.

Last year our students and faculty checked out nearly 5,000 books and periodicals from the Carleton Library and received nearly 3,000 photocopies of periodical articles and book loans through interlibrary loans. Cooperative possibilities like these obviously should be taken into consideration in determining need.

Third, while the first and third criteria suggested derive from the standards of the Association of College and Research Libraries, there is no reference to the two other important features of library service which are also included in those standards—staffing and physical facilities.

Libraries are not just collections of books. They are at least as much the librarians and the support staff who work with teachers to select materials, who order materials, catalog them, process them, circulate them, and who help students and faculty select the most appropriate materials for their needs.

Libraries are also physical facilities which should provide pleasant and adequate places where materials may be stored and used and where students may study.

The ACRL standards for college libraries provides quantitative guidelines appropriate to enrollment and other factors for judging the adequacy of staff facilities.

It makes no sense to ignore these important factors when judging the relative weakness or strength of the library service provided by an academic institution.

By now I suspect you are ready to throw up your hands in despair. What you wanted was a simple standard. You didn't realize perhaps that academic libraries were so complicated, but they are complicated, as are most worthwhile things.

There is no simple way to judge them. There is no absolute objective standard for judging either the library or the academic institutions of which they are a part.

We are judged by others and we measure ourselves by comparison with those we consider our peers. We want to provide library service at least as good as that provided by those institutions with which we compare ourselves and with which we compete and this comparison is complicated and to some extent subjective.

I recently compared 1982–83 statistics on a number of aspects of library support at 21 colleges which are members of two highly regarded consortia—the Associated Colleges of the Midwest and the Great Lakes College Association. They are all private liberal arts colleges very similar in size, a number of which have national reputations, yet the range of library support among the group is amazing—book expenditures ranging from $17,725 to $263,651; expenditures per student ranging from $220 to $548.

Some of these well-established schools obviously provide library support which is inferior to that provided by many of the others, yet they might not qualify as needy under the suggested criteria.

I would recommend that the complexity of the situation be faced and that the criteria be revised and expanded. One possibility might be to divide title II-A money among the States and have the

State library agencies decide which are the needy academic libraries within each State.

These agencies are likely to be able to make a more informed and sensitive judgment than those who we out here in the grassroots would consider a bunch of bureaucrats in Washington.

This procedure would also get around the problem mentioned earlier of basing the program on the lowest national common denominator and would allow for variations of standards so institutions would be compared with others of similar size and type.

I think I will simply very briefly summarize the last part of my statement.

I would agree with the one amendment there which is that any research program grants should be in deciding on those, anything having to do with computerization or communcations would be given a preference. That's excellent but the problem I think is that since that is a very glamorous area and I'm not too sure that it needs that kind of support, and since I understand in this program the Secretary has a lot of discretion in channeling the funds, funds might to that area be to the disadvantage of the other things that are now there, especially the help for the students in school. As the library world gets more complicated, we obviously need very well trained librarians as a result.

Thank you.

Mr. Penny. Thank you for your testimony.

[Prepared statement of Forrest Brown follows:]

PREPARED STATEMENT OF FORREST BROWN, LIBRARIAN, ST. OLAF COLLEGE, NORTHFIELD, MN

My name is Forrest Brown. I have been an academic librarian for 30 years and the director of a private college library for 28 years, the last 23 years at St. Olaf College in Northfield. St. Olaf is a liberal arts college of The American Lutheran Church with about 3,000 students. I speak, therefore, from my experience with academic library service about two of the recommendations for change in the Higher Education Amendments of 1984: the establishment of a "needs test" for the Title II-A Resource Development Grants; and the emphasis on "study of the uses of information transfer and communications technology in libraries" in library training, research and development.

The funds provided since 1966 by Title II-A have been important to most academic libraries as development funds used both by remedy major weaknesses in library collections and to meet new demands resulting from changing interests and emphases within higher education: for example, the interest in the non-western world, in American minorities and ethnic groups, in the history of women. During this same period, cooperation among libraries changed from being an occasional occurrence for a few research-minded faculty to a necessity of life relied upon by students at all levels. This development has meant that the library resources purchased with Title II funds became a national resource available to all citizens, rather than simply a local resource.

Appropriations have diminished during recent years until the amount received by an institution (when the appropriations were evenly divided) became too small to have much effect. At the peak of the program St. Olaf College received $8,326 during one year; last year we received $840; this year we received nothing.

The proposed amendment would fund Title II-A but limit its benefits to institutions which demonstrate special need. Apparently the rationale is that during the first years of the program the entire academic library world needed to be improved and developed, but now the libraries in stronger institutions can adequately meet the routine needs of their students and faculties, and can rely upon cooperative arrangements for special needs. At this juncture, then, it is wiser to focus limited fed- [illegible] unds on the weaker institutions which still need developing, so that limited [illegible] will have a greater impact.

Somewhat reluctantly, since my own library will not benefit, I agree with this position. My experience bears out that the situation has changed from 1965 for the stronger academic library. We are better able to meet the demands placed upon us. Having granted this, the next question concerns the adequacy of the criteria suggested for determining which institutions have a special need. Four criteria are proposed: inadequate holdings, how much over 3% of the institutional budget is spent on the library, the number of percentage of low-income students as indicated by Pell grants, and eligibility for aid under Title III.

I have several general questions about these criteria. First, has any kind of "sample run" been made to determine how many and what kind of institutions will qualify? Will the result be that funds will be distributed very unevenly, going largely to regions which historically have been unwilling to support higher education adequately? Is there any way in which there could be a preliminary division of funds by region or state? Weakness and strength are, after all, relative terms and in a nation as diverse as ours there is wide variation from region to region and from state to state. It is unfair that a state like Minnesota which traditionally has sacrificed to support higher education be penalized.

Second, do the criteria ensure that funds will be given to institutions which can use them effectively? We do not want to pour money down ratholes. At the very least, we should ask for maintenance of effort commitments.

I want to devote most of my testimony, however, to questioning the adequancy of the first factor, which is the one which deals directly with the library. For decades librarians have been trying to make people understand that the very worst way to evaluate a library is to count books on the shelves. This kind of simplistic emphasis on one quantitative measure has nothing in its favor. The weakness or strength of a library involves many factors more important then a volume-count. Indeed, if one were to single out one library statistic which can be most misleading, it is that.

A practicing libraryian immediately has a number of questions. What is included in the count? Each separate item? (Including a map or pamphlet collection can enormously inflat a figure.) Are microforms included and if so how? (As separate physicial items or in terms of the bibliographic entities they represent?) If the library is a depository for government documents, is that collection included in the count? Has the collection been weeded? (A truly weak library may not look weak in numbers simply because the over-burdened staff has not time to eliminate outdated material.) And so on.

There are more important considerations, however. First, a library is weak or strong not because of sheer amount of material but in terms of the quality of support if can provide the programs of instruction of an institution. An institution emphasizing science will be heavy in periodicals; an institution oriented to the humanities will require a large monograph collection; an institution offering graduate study must have collections of quite a different scale than one which offers only undergraduate work.

Second, the important question is what resources can be made available, not simply what is on the shelves of the local library. Libraries are not self-sufficient anymore, but rely heavily on cooperative arrangements. It would be foolish to overlook these. While students at St. Olaf College have between 400,000 and 500,000 separate items available on the shelves of my library (including microforms and documents), they can in 15 minutes take the shuttle bus to the Carleton College campus on the other side of the Cannon River and gain access to a slightly larger collection. If they can plan a few days ahead of need, we can get them materials not available in Northfield through the state-supported interlibrary loan service called MINITEX. Last year our students and faculty checked out nearly 5,000 books and periodicals from the Carleton library and received nearly 3,000 photocopies of periodical articles and book loans through interlibrary loan. Together these sources provided 7.3% of the out-of-the-library use of materials. Cooperative possiblities like these obviously should be taken into consideration in determining need.

Third, while the first and third criteria suggested derive from the standards of the Association of College and Research Libraries, there is no reference to the two other important features of library service which are also include in those standards: staffing and physicial facilities. Libraries are not not just collections of books. They are at least as much the librarians and support staff who work with teachers to select materials, who order materials, catalog them, process them, circulate them, and who help students and faculty select the most appropriate materials for their needs. And libraries are also physical facilities which should provide pleasant and adequate places where materials may be stored and used and where students may study. The ACRL Standards for College Libraries provide quantitative guidelines, appropriate to enrollment and other factors, for judging the adequacy of staff and

facilities. It makes no sense to ignore these important factors when judging the relative weakness or strength of the library service provided by an academic institution.

By now I suspect you are ready to throw up your hands in despair. What you wanted was a simple standard. You didn't realize academic libraries were so complicated! But they are complicated, as are most worthwhile things; there is no simple way to judge them. There is no absolute, objective standard for judging either the libraries or the academic institutions of which they are a part. We are judged by others and we measure ourselves by comparison with those we consider our peers. We want to provide library service at least as good as that provided by those institutions with which we compare ourselves—and with which we compete. And this comparison is complicated and to some extent subjective.

I have recently compared 1982–83 statistics on a number of aspects of library support at twenty-one colleges which are members of two highly-regarded consortia: the Associated Colleges of the Midwest and the Great Lakes College Association. These are all private liberal arts colleges fairly similar in size, a number of which have national reputations. Yet the range of library support among the group is amazing: book expenditures ranging from $17,725 to $263,651; expenditures per student ranging from $220 to $548. Some of these well-establsihed schools obviously provide library support which is inferior to that provided by many of the others, yet they might not qualify as needy under the suggested criteria.

I recommended that the complexity of the situation be faced and that the criteria be revised and expanded. One possibility might be to divide Title II-A money among the states and have the state library agencies decide which are the needy academic libraries within each state. These agencies are likely to be able to make a more informed and sensitive judgment that those who we have our here in the grass roots would consider a bunch of bureaucrats in Washington. This procedure would also get around the problem mentioned earlier of basing the program on the lowest national common denominator and would allow for variations in standards so institutions would be compared with others of similar size and type.

II. I want to turn now to the amendment to Section 223 of the Act which asks that the priority be given "to expanding the study of the uses of information transfer and communications technology in libraries" in grants and contracts for research and demonstration projects. My only concern here is that this emphasis not prejudice the other worthwhile programs under Part B having to do with library career training. As library service is revolutionized by the application of computer technology, we more than ever need adequately trained librarians who are equipped for the increasingly technical work of libraries.

The emphasis of the amendment is welcome, however. The new possibilities are enormously complicated and we badly need guidance. Computer-based data bases are supplementing and in many cases beginning to replace traditional printed indexes and abstracts; the on-line catalog is beginning to replace the card catalog, greatly increasing the access to local collections and also making possible access to information about remote collections, which has great implications for library cooperation; most other library operations (circulation, acquisitions, periodicals) are being automated.

Communication are particularly crucial in a computerized age. Thousands of academic libraries, large and small, have become dependent upon one of the national bibliographic utilities for cataloging, interlibrary loan and other services, and for general access to bibliographic data and information about the holdings of libraries throughout the country. The costs of communications has been a major part of costs of these essential activities, and the restructuring of the telephone industry will greatly increase these costs and become a major burden on library budgets. If the revolutionary changes the computerization of libraries makes possible are not to become too expensive, we need research into the area of communications.

Mr. PENNY. What purpose would you see Federal funds best put toward in our libraries?

If we were to zero in and just fund one purpose for those dollars, where do you think the greatest need exists?

Mr. BROWN. I think title II is very good, and I do agree that that should not simply be considered a big pie that's split up 2,000 ways and everybody gets something insignificant.

I think my concern is that in distributing the funds the consideration of need somehow be linked with the consideration of quality, not that we're shoring up the ones at the very bottom of the heap

but that we are helping the institutions which are in most cases doing a very, very good job but with all the other demands on their finances simply are not able to support the library in a way in which they would like to.

I mentioned these DLCA and ASCM statistics. I was—before I came to St. Olaf—library director at Cornell College in Mount Vernon, IA, for 4½ years. It's an excellent school. I have friends there and I know it is probably as good today as it was then, but in almost all the categories, and I think there are about 15 or 20 categories, they were very near the bottom in the support among the 21 colleges.

I think it's that kind of school that needs Federal help, the school that is a very, very good school but simply does not seem to have the finances to support its library in a way that would support the program in the best manner.

Mr. PENNY. You have clearly outlined your reservations with the kind of criteria for eligibility that is established in the bill.

Can we be certain that doing as you suggest and providing those funds to the States and the States then determining which libraries have the greatest need will accomplish the purpose?

I guess we're always nervous about saying here's the dollars and we don't know how you're going to use them but we think you know better how to use them.

I tend to agree with you that, yes, we probably do know better when we get to the State and local level but we may find those dollars being well used in some States and not finding their way to the neediest campuses in other States.

Mr. BROWN. You probably would very well want to establish some guidelines. I think the problem is that when you factor all of these things in which really should be considered in judging quality of library service, it gets terribly complicated and it's easier to handle those when you are looking at perhaps 20 or 30 institutions on a State level than when you're looking at several thousand on a national level.

The other advantage is that you are comparing institutions with the institutions they would compare themselves in most cases. The differences are very, very great from one State to another and most postsecondary institutions are local rather than national in audience and it just seems to me that this is a more appropriate place to make these comparisons.

Mr. PENNY. Is there a greater need for computer acquisition or interlibrary cooperation today? If you had to rank them one, two, three, what are the programs?

Mr. BROWN. I think that probably depends on where you are. I think in Minnesota we have had for the last 15 years probably the best library cooperative network in the country so in Minnesota we've already got it. I think other States badly need that kind of thing.

I think they are very, very interrelated because computerization opens up so many possibilities for cooperation. In order to share materials, you have to know where the materials are. When you are dealing simply with card catalog records this is very, very difficult. When your bibliographic records are computerized it's very, very simple to find out what is available in the State or in the

region. Then you simply have to set up cooperative associations and worry about delivery systems.

It is going to be very, very difficult simply because of the extreme expense of the startup costs and this is—a great many libraries are just sort of on the brink of this now and this is one of the big stumbling blocks.

One of the other problems is the communication problems which tend to discourage spread out networks which would be very useful in terms of library cooperation, but the communications costs make it much cheaper to have a more local network.

Mr. PENNY. Congressman Gunderson, do you have any questions?

Mr. GUNDERSON. I don't have any questions.

Mr. PENNY. I really want to express my appreciation to you for your testimony today and in particular your patience. We had a long list of witnesses and I know you were here throughout the day. I hope that you felt it was worthwhile to wait through the other testimony to make your presentation and we certainly feel your testimony for us is worthwhile for us in trying to pass that portion of this higher education bill.

That concludes the committee meeting.

[Whereupon, the meeting was concluded.]

[Material submitted for inclusion in the record follows:]

ERIC

ROCHESTER COMMUNITY COLLEGE

ROCHESTER, MINNESOTA
55904-5197 (507) 285-7210

April 23, 1984

The Honorable Timothy J. Penny
U. S. House of Representatives
501 Cannon House Office Building
Washington, D.C. 20515

Dear Congressman Penny:

I wish to follow up the April 6th reauthorization hearing by listing some specific ideas which I think could make the current student financial aid programs much more efficient. These are in no particular order.

1. Federal funds should be deobligated and reobligated at least twice a year. We used to have this years ago, with the Regional Office handling it. Every year there are schools who are not using the funds awarded them, while others are in desperate need of funds.

2. Deobligation and reobligation of funds within a state and within systems. For example, if one Minnesota Community College isn't using its work-study funds, with Regional Office approval, some of these funds could be shifted to another Community College which needs them, etc.

3. Increase of transferability of funds between programs to 20% and include NDSL.

4. Allow work-study students to work in the private sector, with the employer required to pay at least 50% of the earnings.

5. Many schools are no longer making NDSL's, or making only token loans so as to be eligible to take the 5% administrative funds from their NDSL Programs. Should require that such schools either transfer their portfolios, or return the funds in this program to the Education Department to be awarded to other schools.

6. There must be funding changes for smaller, so called "low-cost" schools. Most of these are Community Colleges and Vocational Technical Schools who got a late start in the gamesmanship of getting funds—which is how the system used to work. There must be a way that these schools can increase the base upon which yearly allocations are made.

7. Simplification of regulations and no mid-year regulation changes as we now see so much of.

8. More training at the nitty-gritty level, with agendas set prior questions submitted by financial aid officers.

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9. Allow financial aid officers to award and package Pell Grants with other college-based funds, and increase administrative allowances from five to ten dollars per awardee. This would save the millions of dollars now paid commerical processors. The millions could better be spent helping needy students.

10. Simplify the whole aid application procedure for parents and students. Require that applications consist of assest information and a copy of the parent and student federal tax form. A special form would be needed for those who are non-filers.

11. Allow consolidation of student loans with variable interest rates, which would be lower at the beginning of repayment and increase as the borrower is in better position to make larger payments.

12. Cancellation of GSL's for certain types of activities, as now done by the U.S. Army (payback). This would help low-income borrowers and those who major in areas where jobs are scarce or who don't finish a degree.

13. Better hardship deferment on GSL's, with interest deferred as the same time as principal.

14. Allow deferment of GSL's for half-time students. Currently if the student changes schools, or leaves for a term or two and then returns, he or she must be full-time to defer payment. This works hardship on many students.

15. Allow a larger carry forward-carry backward percentage of work-study funds. It is now 10%. Perhaps an increase of 10% to 20% would be in order.

16. Disallow funds from work-study to be used for so called Job Locator Services. In my opinion this is a misuse of work-study funds and allows schools who would otherwise not be able to use their funds to get rid of them. If schools wish to be in the work-study program, they should provide this type of service out of their own budgets.

17. More work-study funds should go to schools that have large off-campus work-study programs. Also, these schools should have first priority at additional available funds.

18. Disallowance of work-study funds to be used to place students in institutional custodial jobs.

19. Do away completely with the SEOG designation of continuing or initial.

20. The government should reimburse schools 100% rather than 10% of NDSL's for teacher cancellation.

21. Shortage area teaching fields should be added as NDSL cancellation criteria.

These are a few recommendations I would like to offer. If it is Possible to make changes in current programs, I hope that you will take some of them under consideration. THANK YOU.

Respectfully yours,

Gordon J. Prisko
Financial Aid Director

MANKATO STATE UNIVERSITY

FINANCIAL AIDS/(507)389-1185

MANKATO, MINNESOTA 56001

April 16, 1984

Congressman Timothy J. Penny
501 Cannon
House Office Building
Washington, DC 20515

Dear Congressman Penny:

Thank you again for inviting me to participate in the Post-Secondary Subcommittee Hearing on the reauthorization of the Higher Education Act.

In my testimony, I supported the application of a needs test to all Guaranteed Student Loans, irrespective of family income. I further indicated that the needs analysis requirement for Guaranteed Student Loans, which has been introduced by Secretary Bell in a "Dear Colleague" letter, was not an acceptable alternative.

Pursuant to your request, I will attempt to differentiate between a needs test and a needs analysis in the information which follows:

(1) A needs analysis is an in-depth determination of the family's ability to pay for educational costs based on the uniform methodology which is published annually in the Federal Register. A needs test is a much more simplified determination of a family's ability to pay.

(2) In contrast to a needs analysis, a needs test does not include the untaxed income of the family, nor the family's assets. It also disregards many other factors which are considered in the performance of a needs analysis.

(3) A needs test includes the student's adjusted gross income from the previous taxed year. The latter is not included in the performance of a financial needs analysis.

(4) A financial needs analysis is employed in determining the student's eligibility for financial aid from the Campus-based Title IV Programs, whereas a needs test is utilized to determine a student's eligibility for a Guaranteed Student Loan if the family's income exceeds $30,000, and

(5) Generally speaking, a needs test will result in a lesser expected family contribution (EFC) and a larger financial need than will a needs analysis.

To illustrate the latter, I have enclosed sample situations. These cases represent a small group I pulled from a mailing we recently received from ACT. No attempt was made to ensure a random sample nor otherwise absolutely ensure statistically valid results. Also, no attempt was made to skew the selection in manner which would support my statement above.

Eight cases are illustrated. The column on the left represents the total adjusted gross income of the family, including the student applicant. The next column provides the net-assets of the family after subtracting liabilities. The next two columns represent the family size and the number of family members who are attending a post-secondary institution of education. The next column is the cost of attending the University which includes tuition and fees, a book allowance, residence hall charges and an allowance for personal expenses and transportation. This cost remains constant for all cases.

The next two columns apply to the needs test which is currently used to establish eligibility for a Guaranteed Student Loan. To derive the student's financial need or resultant eligibility for the Guaranteed Student Loan, the expected family contribution (EFC) is subtracted from $4400. The last two columns represent the EFC and resultant financial need when a needs analysis is applied in each case. You will notice in all cases, the applicant's financial need is less when a needs analysis is applied.

Of special interest is the third case illustrated. This is a farm family with an adjusted gross income of $35,140 and net assets of $130,500. Based on a needs test, this student easily qualifies for the maximum $2500 Guaranteed Student Loan. However, the needs analysis reduces this student's eligibility to $600. This case clearly illustrates the effect of farm assets on a student's financial aid eligibility when a needs analysis is applied, rather than a needs test.

In some of the cases, the student's need is $0 whether a needs test or needs analysis is applied. This would not be the case if the same financial data were applied to an identical family situation where the student wished to attend a higher cost institution. For instance, if the student illustrated in the second case had elected to attend an institution which cost $7000, he or she would qualify for only $840 under a needs analysis, but would qualify for a $2500 Guaranteed Student Loan under a needs test.

I hope the above information satisfactorily answers your question. Also, I would hope that it reenforces my opinion regarding the unacceptability of a needs analysis in determining a student's eligibility for a Guaranteed Student Loan. Should you require additional information regarding the above or other financial aid matters, please do not hesitate to contact me. Thank you.

Yours truly,

Robert J. Matuska

Robert J. Matuska
Director, Student Financial Aids

RJM:jb

Enclosure

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1983 Income	Net Assets	Fam. Size	In School	Cost	Needs Test EFC	Needs Test Need	Needs Analysis EFC	Needs Analysis Need
$30,941	$45,800	5	2	$4400	$960	$3440	$2450	$1950
59,938	27,500	5	2	4400	4485	0	6160	0
35,140	130,500	6	2	4400	1020	3380	3800	600
42,753	91,000	5	1	4400	4570	0	10,120	0
30,155	61,863	4	1	4400	2330	2070	3930	470
35,897	59,900	7	3	4400	583	3817	1180	3220
35,570	36,640	4	1	4400	3420	980	4920	0
35,514	39,900	3	1	4400	4290	110	4310	90

Bob Matuska
Mankato State University
4/10/84

ERIC

1920 Lee Boulevard
North Mankato, MN 56001
April 5, 1984

Representative Tim Penny
Congress of the United States
House of Representatives
Washington, D.C. 20515

Dear Representative Penny:

I wish to express my reaction to the reauthorization of the Higher Education Act of 1965. I have been [redacted] Financial Aid Director at Mankato Area Vocational-Technical Inst[redacted] since 1971.

I support a redefined definition of the independent student. Minnesota is currently redefining the independent student for purposes of the State Scholarship and Grant Program. Given proper safeguards for students who are married, wards of the State, or those who have established that they have suffered physical abuse and been separated from parents for their own safety, I believe we can deliver financial aid to students who truly don't have parents that can assist in their support. Perhaps tied to such a proposal could be some form of tax incentive like an extra exemption for a dependent student enrolled in a post-secondary institution.

It seems that the Reagan Administration has wanted to provide some form of tax credits in place of financial aid programs. I don't believe a system like that by itself would assist students who come from the poorest of families since every dollar they manage to "save" is really needed for self-support.

I agree with your stand on the loan consolidation question. Consolidations would help keep the default rates low. While it is a service to students who have had to borrow, it should not become a millstone or it will cause them to consider default as the only answer to a burdensome loan obligation.

Regarding the question of requiring a "needs" test for eligibility for a Guaranteed Student loan. I don't think establishing a more stringent needs test than we now have is in the best interest of students who need to borrow what is the expected parental contribution. If any change is made I would suggest that the present $30,000 Adjusted Gross Income of parents and student be raised to $50,000. You are probably aware that both the parents' A.G.I. and the student's A.G.I. must be added together for the $30,000 limit. I believe this policy tends to penalize the student who does manage to get a job and begin the process of becoming self-supporting. It gives a greater benefit to the student who either cannot find a job or doesn't want to work! The two cannot be separated.

ERIC

If we make the need analysis required for Guaranteed Student loans let's make sure the Needs Analysis System is a reflection of what parents can "really" afford. I believe the current system of needs analysis expects more than parents can actually pay. We have made the application process very difficult and have tried to present needs analysis as an exact science when in fact it is at best a uniform method of data gathering not all of which is verifiable in a school environment. For example: The whole section on Assets. The Non-taxable income gathering is getting to be so complicated it takes a Philadelphia Lawyer who specializes in tax accounting to complete the application (see the Appendix A). I contend many low income applicants do not complete the form because of its difficulty. We must reduce the number of dollar data items and relate them to lines on the tax return only! With other income items related to public assistance which can be verified with the County Human Services Welfare Department.

I have touched on but a few of my concerns. I have many more such as:

1. Establishing a better basis for determining the allocation of funds to Institutions.

2. What costs should be used in determining educational costs for periods of enrollment longer than a nine month "standard" year.

I wish to thank you for holding this hearing and I support what you have done and are doing to learn about financial aid programs. These programs do assist many of our young people. In general, the system works; however, it needs some tuning to make it easier for needy students and families to enter.

Sincerely yours,

D. Finch

Del Finch
Financial Aid Director

DF/crc

Enclosure

APPENDIX A

Worksheet for question 29c

Deduction for a married couple when both work, from IRS Form 1040-line 29, 1040A-line 12	$ .00
Child support received	+ .00
Welfare benefits (except AFDC or ADC, which you should have reported in 29b)	+ .00
Unemployment compensation (Don't include any amount reported in question 24.)	+ .00
Railroad Retirement Benefits	+ .00
Disability income exclusion from IRS Form 1040-line 30	+ .00
Workman's Compensation	+ .00
CETA non-educational benefits	+ .00
Veterans benefits except educational benefits; include Death Pension, Dependency & Indemnity Compensation (DIC) and Vocational Rehabilitation Program benefits	+ .00
Interest on tax-free bonds	+ .00
IRS All-Savers Certificate (ASC) exclusion from IRS Form 1040, Schedule B, line 6	+ .00
IRS dividend exclusion from IRS Form 1040-line 9b or 1040A-line 8b	+ .00
Untaxed portions of pensions	+ .00
Untaxed portions of capital gains	+ .00
Dividend reinvestment exclusion, from Form 1040, Schedule B, line 13	+ .00
Foreign income exclusion from IRS Form 2555-line 39	+ .00
Housing, food, & other living allowances for military, clergy, & others (include cash payment and cash value of benefits.)	+ .00
Any other untaxed income and benefits such as Black Lung Benefits, excess earned income credit, etc.	+ .00
This is your answer for question 29c. TOTAL	.00

Don't include:

- Social security
- Any income reported in questions 24, 26, 28a, 28b, 29a, and 29b
- Money from student financial aid programs (educational loans, work-study earnings, grants, or scholarships)
- Veterans benefits for education (GI Bill, Dependents Educational Assistance Program, or VA contributory Benefits)
- Gifts and support, other than money, received from friends or relatives
- Food stamps
- Tax-sheltered or deferred annuities

HEARINGS ON THE REAUTHORIZATION OF THE HIGHER EDUCATION ACT

SATURDAY, APRIL 7, 1984

House of Representatives,
Committee on Education and Labor,
Subcommittee on Postsecondary Education,
Eau Claire, WI.

The subcommittee met, pursuant to call, at 9 a.m., at the University of Wisconsin, Eau Claire, WI, Hon. Paul Simon, presiding.

Members present: Representatives Simon and Gunderson.

Staff present: William A. Blakey, counsel and Rose DiNapoli, Republican legislative associate.

OPENING STATEMENT OF HON. PAUL SIMON, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF ILLINOIS

Mr. Simon. The Subcommittee on Postsecondary Education will resume its hearings and I'll enter my opening statement in the record. This is one of a series of hearings we're having, primarily in Washington, but focusing on the whole question of the reauthorization of the Higher Education Act. How do we improve access, how do we improve quality, for American higher education?

There are few questions more important, if any, for the future of our country. We're here specifically in Eau Claire, at the request of our colleague and member of the subcommittee, Steve Gunderson, who has been a very valued member of the subcommittee. He has been hard working, able, and with a sense of concern that I personally appreciate a great deal and the other members of the subcommittee do also.

If I may make one personal note: It was a pleasure to walk in and to see Henry Lippold, who is a member of your faculty here, who originally hailed from the State of Illinois, came up to Wisconsin where they pay everyone so much better. We are pleased to have everyone here.

Let me, on a couple of mechanical things, before I call on my colleague, we want to enter into the record the testimony of Harland Kirchner.

[Opening statement of Congressman Paul Simon follows:]

Opening Statement of Hon. Paul Simon, a Representative in Congress From the State of Illinois and Chairman, Subcommittee on Postsecondary Education

I am pleased to join my colleague, Steve Gunderson, here in Eau Claire and to continue the Subcommittee on Postsecondary Education's hearings on H.R. 5240, The Higher Education Act Amendments of 1984 and the Administration's FY 1985 Higher Education Budget.

H.R. 5240 refocuses student financial aid on the neediest student to ensure that those who could not begin, or would not complete, an education because of high costs and limited family resources, will have that opportunity.

H.R. 5240 simplifies student aid programs with one grant, one work and one loan program, along with an institutional block grant program. The student financial aid programs were created by Congress over the last two decades. The purpose was to make funds available to students who had no other way to finance their education. In today's economy with nationwide unemployment at 7.8%, youth unemployment at 19.3% and minority youth unemployment at 43.5%, it is time to refocus these programs to address the need they were created to serve.

I am looking forward to hearing from today's witnesses on the specific and the broad policy questions raised in H.R. 5240.

I am very interested in receiving recommendations regarding the proposals in H.R. 5240 that make changes in federal student financial aid programs, including making the Pell Grant program an entitlement, merging SEOG, NDSL and SSIG into Institutional Block Grant, the modification of the "half-cost" provision and the "independent student" definition, among other issues.

H.R. 5240 addresses a number of needs of graduate education, including the extension of aid to graduate students. The proposals include a presumption of self-sufficiency (independence) for graduate students, allowing limited graduate student eligibility for Pell Grants, and raising loan limits for guaranteed student loans.

College and universities nationwide are in need of funds to halt the deterioration of America's university research facilities and buildings generally. H.R. 5240 addresses that need for low-interest renovation and construction loans and instrumentation grants. Today's witnesses are particularly able to comment on the bills approach to this concern.

It is a pleasure to be in Eau Claire today and I am pleased to welcome the Chancellor of this branch of one of America's finest public universities, The University of Wisconsin.

[Prepared statement of Harland Kirchner follows:]

PREPARED STATEMENT OF HARLAND KIRCHNER, MEMBER, BOARD OF TRUSTEES, FOX VALLEY TECHNICAL INSTITUTE APPLETON, WI, AND MEMBER, BOARD OF DIRECTORS, ASSOCIATION OF COMMUNITY COLLEGE TRUSTEES

I am submitting this testimony on behalf of the Joint Commission on Federal Relations of the Association of Community College Trustees, the American Association of Community and Junior Colleges, and the Fox Valley Technical Institute, Appleton, Wisconsin.

As we contemplate reauthorization, we find our thoughts constantly touched by a deep appreciation for the existing Higher Education Act. As federal policies go, we think this has been a monumentally successful Act. Some key titles in the Act have never achieved the success that was once envisioned for them—largely because, in most cases, they are programs that could never be effectively funded. Significantly, some of the most critical needs facing colleges today relate directly to those unfunded federal commitments.

Facilities are a prime example. We are not talking about new buildings; we are talking about updating and retrofitting older facilities to handle energing technical programs. As you have been told, cost estimates on this backlog are greater for higher education as a whole than the total of the endowments of all U.S. colleges lumped together. Years of tight budgets and funding neglect have forced delay for needed upgrading and providing some semblance of state-of-the-art equipment.

Even so, the state of American higher education benefits enormously from HEA.

Because the deficits are making the competition among programs so acute, the attempts to restructure and improve the higher education programs must be approached with great care. It is more than coincidence that the Pell Grant program has become the dominant feature of the Act, at least it is so in the eyes of community colleges.

The vision and purpose that inspired the Basic Opportunity Grants—the belief that every qualified student should have access to postsecondary learning, regardless of ability to pay—is the same vision and purpose upon which community colleges and technical institutes have been built. The highest priority of our institutions in the reauthorization is to see the Pell Grant program renewed and strengthened, simplified, and streamlined.

Making the Pell Grants an entitlement for needy students would do more than any other single step to both simplify and strengthen the program and provide students with greater access to education. Raising the maximum Pell Grant to $3,000

by next year, and increasing it as college costs continue to rise, is consistent with the basic grant that the President has proposed for the neediest students. We support this aim.

On the other hand, the differential allowances for commuter students are not acceptable to our institutions. Our students have suffered far too long under the fixed cap on costs of attendance that has been applied to the commuter student for 11 year. The net effect of that cap seriously undercut the program's core intent of access and actually denied access to tens of thousands of would-be applicants, most of them from the lowest income levels. Additionally, untold other numbers of needy students undoubtedly have found their persistence and progress in college impeded by the cap that we thought had been abolished in the 1980 Amendments. Community colleges and technical institutes are commuter colleges which provide business and industry with an almost immediate and unlimited source of highly skilled, professionally motivated workforce, filling the emerging needs for personnel.

Since community/technical colleges serve a different clientele than four-year institutions, there should be no fear of our institutions competing for the traditional student through higher commuter allowance.

Data on full-time Pell Grant recipients show that more than 80 percent of those attending 2-year colleges come from households with incomes of $8,000 a year or less. Only about 6 percent of the full-time Pell recipients in community colleges come from annual income levels of $16,000 or higher.

If a good case can be made for lower Pell Grants to students living with their parents, then the rest of the Pell Grant recipients should be treated uniformly, regardless of whether they house and feed themselves off campus or take board and room at the college. There is plenty of evidence to show the costs average roughly the same in both cases.

The community colleges and technical institutes are very hopeful that you will do away with the half-cost limitation on Pell Grant awards. For the students whose level of eligibility and overall costs do not qualify them for a maximum Pell Grant, we would prefer to see their grants determined by a uniform percentage of cost, such as 60 percent or 70 percent, as was envisioned in the 1980 Amendments. We would not resist the 75 percent which you are allowing for tuition and fees, provided the cost allowance for other expenses has a floor of at least 60 percent.

The redefinitions of the independent and dependent student status provided in H.R. 5240 can be another vital step in simplifying the financial aid program. This would be highly beneficial to community/technical colleges since the two-year colleges serve such great numbers of older students who should not have to prove that they provide for themselves. As you propose, the students who are 24 or older should be spared the red tape of documenting their independence. This is significant in Wisconsin since the average age of our full-time students attending our 16 technical institute districts on a full-time basis varies between 25 and 28 years of age.

On college workstudy, the Administration's proposals that Cooperative Education be moved into workstudy, and that workstudy students be programmed to help functionally illiterate adults acquire basic skills, give us some concern.

While the community college associations are supporting "in principle" the literacy tutoring of adults, we feel the workstudy program itself should be kept free of precedents that eventually could divide it up into a host of special set-asides. Community/technical colleges are natural environments for providing workstudy and cooperative programs. Our existing curriculum is adjustable to co-op, but presently there isn't enough funding to integrate practical experience into the course work.

Concerning the several other titles of H.R. 5240, I offer the following for your consideration.

Our view of Title I is that it should be cast in a wholly new direction. While we can appreciate the emphasis on underserved adults, we would like to see this Title focused on institutional change. Support for institutional adjustments that will make college programs as responsive to working adults and part-time students as they are to the traditional students is imperative. If the national economy and the work force are to keep pace with accelerating technology and global competition, all universities and colleges, including community colleges, must do a better job of serving working adults through flexible programs and responsive, quality educational delivery systems.

The discretionary grants that have been proposed in Part B to support literacy training, proficiency in English, and special tutoring would be highly beneficial. The expanded definition of the veterans who could be served as anyone who has received an honorable discharge is another positive step. Yet, those veterans who have received less than honorable discharge are probably more in need of greater access to education and retraining. In addition, guidance and help in developing a positive

self-concept would bring about attention to those who need a readjustment and retraining period and who might otherwise be lost and become a greater burden to society.

We would also like to see Title II targeted in a new direction to help colleges adapt the total learning process to technological change, rather than to remain focused chiefly on library resources. Our nation has benefited from the use of telecommunication and computer technology in business, industry, and leisure time; education could also benefit from their use to facilitate learning.

The community and technical colleges want to see Title XI broadened to encourage urban research universities to work in concert with community colleges to meet urban needs. Urban problems won't be solved by greater research—what is called for is new emphasis on teamwork in which urban institutions pool their talents to solve problems of decaying cities and withered resources. Today, we are no longer reactive institutions, but proactive and ready to pool our resources to alleviate social inadequacies. Without a corrective approach to urban problems, we think Congress is unlikely to ever fund Title XI.

Last, but hardly least, we are extremely pleased that H.R. 5240 provides a new Title XII to renew the endowment matching grants. This incentive will promote and foster an increased independence and self-sufficiency that will ultimately create greater fiscal prudency and responsibility in education.

The Association of Community College Trustees and the American Association of Community and Junior Colleges are anxious to work with the Subcommittee on Postsecondary Education as you continue your deliberations on reauthorization of this vital legislation.

We applaud our concern for the important contributions this legislation can make for the enhancement of our nation's human resources through its support of access for the needy asnd quality enhancements for higher education.

Thank you.

Mr. SIMON. And for our witnesses, you will give us a greater opportunity for questions if you can enter your full statement in the record; and summarize your testimony in about 5 minutes, so that we can devote some time to probing where we ought to be going.

We are very pleased to be here on the campus.

Mr. Gunderson.

STATEMENT OF HON. STEVE GUNDERSON, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF WISCONSIN

Mr. GUNDERSON. Thank you, Mr. Chairman. And let me begin by making that a very special thank you. I am not sure how many of you are aware that the chairman is a candidate for the U.S. Senate from Illinois, having won the Democratic nomination a couple of weeks ago. He has probably 1,000 other things that would be more valuable to his political future than coming to Eau Claire on a Saturday in April, and so I think we are all very, very appreciative and very lucky that you are willing and interested enough in the issue to take that kind of time. Also, a thank you to Chancellor Hannah for all of her assistance in hosting this hearing here at UW, Eau Claire.

There are a few other activities on campus today, so we appreciate that. I don't think it's any secret that higher education is facing some very distinct challenges in the 1980's as we look at reauthorization. And as we begin the process, there are really about three goals that I think are most important: One obviously, as in any reauthorization, is to update programs to make sure they are the most efficient programs they can be.

Second, we're doing so in an era of budgetary limits, which provides very special challenges to us to make sure the dollar is used to buy the most education for the most number of students. And third, of particular interest to me, and I know that some of the tes-

timony is going to focus on this, is recognizing the changing population.

We are looking at a situation where the adult or nontraditional student is becoming a very significant part—actually by 1990, about 50 percent of the population of our colleges and universities across this country. It would seem to me if the purpose of reauthorization is to update programs for the current needs, then that ought to be one of our major challenges in this area.

Mr. Chairman, I'm just going to ask, rather than giving a detailed statement, that my statement be made a part of the record so that I too can get on with listening to the witnesses. But with that, a special thank you to you and to everyone who has come here this morning.

[Opening statement of Congressman Steve Gunderson follows:]

OPENING STATEMENT OF HON. STEVE GUNDERSON, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF WISCONSIN

On behalf of the citizens of western Wisconsin and especially the higher education community, I would like to welcome the Subcommittee on Postsecondary Education to western Wisconsin. It is with great pleasure that I welcome Chairman Simon to Eau Claire and the University of Wisconsin–Eau Claire and I thank him for granting the field hearing here in Wisconsin.

I would also like to express my sincere appreciation for the hospitality afforded us by Chancellor Emily Hannah and the entire UW–Eau Claire community for hosting the hearing. Finally, the hard work and interest in the Higher Education Act by those who will be testifying today should be commended.

Higher education in the coming years will face a number of significant challenges, including: (1) demographic changes in the student population; (2) competition for both new and experienced faculty; (3) expanding budgetary and funding challenges; and, as always, (4) the need to adapt to changing technology with programs and curriculum that will prepare students properly.

This hearing today is one portion of the Congressional reauthorization of the Higher Education Act (HEA) which will determine the federal role in assisting the higher education community to meet these challenges. Already we have held an extensive set of hearings in Washington on the HEA and today's hearing is one of several field hearings undertaken by the Subcommittee.

The law we are examining today contains much more than the well-publicized student financial aid programs. It also contains programs for continuing education, libraries, graduate education, international education, developing institutions, and cooperative education, to mention only a few.

The impact and depth of this law for the entire nation is far reaching. For those of us in the 3rd District, through the UW system alone, nearly 6,200 student receive federal student aid totalling over $15.7 million annually. For the entire UW system statewide, over 44,000 students receive nearly $145 million in aid through the six federal student aid programs. The impact of this law is further amplified by the fact that these figures do not include student participation or funding from the many private institutions, postsecondary vocational education community, or junior colleges throughout Wisconsin.

We should be seeking two principal objectives through this rewrite of the HEA: First we must constantly strive to improve the quality and administration of all the programs in the Act, with special emphasis on student financial assistance. It is our responsibility to insure that the programs created thorough the new law: (1) function in an administratively feasible and efficient manner; (2) provide a federal government role which continues to promote and provide incentives for the improved quality of the programs themselves and postsecondary education generally; and, (3) are responsive to the changing financial needs of today's students.

Second, like all Americans, we must keep in mind the budgetary limitations placed upon us by the deficit and our economic responsibilities. While we all recognize the need for adequate funding for education, we must also confront the fact that federal resources are not limitless. In Washington this past week we have finally taken bold steps to build a down payment toward deficit reduction. This effort necessitates our cooperation in the reauthorization of the HEA.

In addition to these two objectives, it is our responsibility through the new law to assist the higher education community to meet the changing needs of our student population. Social forecaster John Naisbitt, author of the well-known book, "Megatrends", has some very interesting thoughts about the future of education. In particular, he states that, "In education we ae moving from the short term considerations of completing our training at the end of high school or college to lifelong education and training."

Fact are, however, we are not simply moving into the realm of lifelong education, but we are there. The number of traditional college-age students (ages 18-21) is expected to decrease by 25 percent between 1979 and 1990. During the same period, students aged 25 to 49 will increase by 25 percent.

These trends have some very significant implications for our higher education community. Older students will account for 47 percent of the 12.1 million college students enrolled in 1990 instead of the 38 percent they comprised in 1980 and the 28 percent in 1970. And already the National Center for Education Statistics has figures showing that the number of students age 25 and above increased from 2.4 million in 1970 to 4.5 million in 1980—an increase of nearly 100 percent.

Yet our current federal law does not reflect this increasingly important trend. My primary objective through the reauthorization is to improve federal law as it pertains to and affects the non-traditional adult student. Earlier this week I introduced legislation which will replace the current Title I, Continuing Education, portions of the HEA with a new targeted program to assist universities adapt to the needs of the non-traditional adult student.

Briefly, this legislation will assist the non-traditional adult student through three new programs:

Competitive grants of no more than $200,000 to higher education institutions to enhance the educational opportunities available to adult learners;

Competitive grants of not more than $100,000 to higher education institutions to establish and carry out a program designed to encourage the establishment and upgrading of off-campus educational programs; and,

Finally, a research program designed to enhance knowledge and innovation in the field of non-traditional adult student education.

The adoption of this program will take significant steps to aid the higher education community in its effort to grow to meet the needs of the non-traditional adult student. This is only a small beginning. The major work in meeting the financial needs of the non-traditional student is yet to be done. We still hope, through the reauthorization process, to make achievements in this regard.

Finally, I am very pleased to have this unique opportunity to allow the input of the western Wisconsin higher education community in the reauthorization. Again, a special thank you to Chairman Simon, and we both look forward to the testimony about to be presented.

Mr. SIMON. Thank you very much, Steve.

Chancellor Hannah, we will call on you first, and I might add for the benefit of the rest of you, that Chancellor Hannah has also been a witness in Washington, telling us what we ought to do, and if any mistakes are made, why Chancellor Hannah, we blame you. Alright?

STATEMENT OF CHANCELLOR EMILY HANNAH, UNIVERSITY OF WISCONSIN AT EAU CLAIRE

Chancellor HANNAH. Thank you, Representative Simon and Representative Gunderson.

We are delighted to have you at UW-Eau Claire and in west central Wisconsin for this hearing.

You will find, and as you know, Representative Gunderson, and I presume perhaps Mr. Simon also, that Wisconsin is a strong outpost of both public and private education, and this part of the State is a good example of that. The public institutions here have a consortium called the West Central Wisconsin Consortium and Chancellor Swanson at Stout is president of the board of trustees at that

consortium at this time. And will speak therefore not only on behalf of UW Stout but on behalf of our consortium.

You will find in these institutions a firm commitment to access and an appreciation of the Federal programs that have tried to increase access to education. General access to those who have a general need, and specific access to those whose needs are of some special kind, much of which has been taken care of by Federal legislation or at least aided by that, and we're very appreciative of that.

It would not be quite proper for me to say that we are only concerned about access and about the Federal aid programs, because I think particularly in your presence, Mr. Simon, it is most appropriate that we call attention to other aspects of the Federal role and our appreciation of your commitment to research throughout the United States, and your infusion of resources in a way that the States cannot provide those resources. That strength of research is critical. Your support of international programs has been much appreciated in this part of the State, on this campus, we're widely known for international programs, and the kinds of programs for which we've had your support are things for which we are very grateful. We hope that that will continue. We've been very pleased with some of the new proposals and we look forward to that.

We are happy to have you on our campus. I know that you won't have a chance to see a great deal of it, but it is an example of the quality and the commitment of the State of Wisconsin to public education. And welcome to UW—Eau Claire.

Mr. SIMON. Thank you very very much. We're pleased to be here and I regret that it's just an in and out visit, here today.

Next, we're going to have a panel of two presidents, Robert Gibbons of Viterbo—am I pronouncing that correctly?

Mr. GIBBONS. Yes, sir.

Mr. SIMON. Viterbo College and Chancellor Robert Swanson of University of Wisconsin, Stout. We're pleased to have both of you here. Mr. Gibbons, we'll start with you.

STATEMENT OF ROBERT GIBBONS, PRESIDENT, VITERBO COLLEGE

Mr. GIBBONS. OK, thank you, Mr. Simon, for coming to Wisconsin to hold the hearing and receive testimony on reauthorization and thank you, Mr. Gunderson, for inviting me to provide testimony.

I would ask that my full statement be entered in the record.

Mr. SIMON. It will be entered in the record.

Mr. GIBBONS. And I will give you a 5-minute version of it here.

Mr. SIMON. Alright.

Mr. GIBBONS. I was asked to comment on the strengths and the weaknesses of the Higher Education Act and on how I would like to see a Reauthorized Act worked. I would say first, that the higher education act has, on the whole, worked well for both students and for institutions. It has provided access to higher education programs for millions of American postsecondary students who would not otherwise have been able to pursue and achieve their postsecondary goals.

It has enabled rapid expansion of higher education facilities and programs to meet the dramatically increased growth in higher education needs of our population during the 1960's and 1970's.

The one significant failure, not exactly caused but not prevented either, by the Higher Education Act, is given graphic documentation in the 1983 report of the National Commission on Excellence in Education. While the focus of that report was not on postsecondary institutions, it is clear that we share in the blame. Academic excellence has suffered at all levels in the diverse network which is American education.

When the size of any undertaking increases rapidly and according to demand rather than plan, we expect productivity to diminish. And since the products of most American post secondary education are the educated graduates of our technical institutes, community colleges, baccalaureate institutions, and graduate and professional schools, we might have expected the quality of this product not to keep pace with the rapid expansion of quantity during the 1960's and the 1970's.

Therefore, I would urge that the central purpose of reauthorization be to improve the academic quality of the graduates of our postsecondary institutions. We have achieved significant access goals and should not in any way diminish our persistence in maintaining and in expanding them, but I don't think that that should be the central purpose of reauthorization.

The central purpose should be, I say again, to elevate further the overall level of education in our society through substantial improvement in the quality of postsecondary graduates.

I think this central purpose could be achieved in a number of ways. First of all, on the assumption that quality inheres more to the teaching-learning transaction than in the learning site itself, it seems prudent to give, in the new act, priority to library and learning resources over the construction of new facilities. On the assumption that quality learning results from quality teaching, it seems prudent to give the highest possible priority to the improvement of teaching by all persons now practicing our profession, and to the improvement of teacher training programs.

And finally, on the assumption that an increase in quality at the expense of access or quantity is simply not acceptable, an equally high priority should be given to the strengthening of student aid programs.

In that context, I'd like to address a couple of particular issues having to do with title IV. I think the increase proposed in the program ceiling is timely and appropriate. But the proposed modification of the half-cost provision in the Pell Grant Program I don't think is.

The proposed 75 percent cost provision is just not a good idea because, inexorably and over time, I believe it will have either or both of two undesirable outcomes: the proposed modification will tend to accentuate the out-of-pocket cost differential for students choosing between independent and publicly supported colleges, and therefore, it will drive the program-eligible students to public institutions. If freedom of choice is to be more than just a slogan, then the half-cost provision should be retained in the Pell grant legislation.

The other probable outcome of the proposed modification in the half-cost provision is the escalation of public education prices. If there is no half-cost ceiling on Pell grants, then State legislators will, inevitably, I think, alter appropriations for publicly supported colleges and universities in ways that would result in the increasing of student tuition and mandatory fees.

If the Pell Grant Program is truly to provide a freedom of choice in educational opportunity for the high-need student, then it must maintain the present half-cost provision.

On the more positive side, I think that the simplification and consolidation of Federal grant and loan programs that's proposed in your bill, Mr. Simon, is desirable. The Institutional Block Grant Program you propose should preserve for student aid administrators on the campuses the desired flexibility to package campus-based Federal aid to meet individual student needs and that flexibility is the most important thing to preserve. As long as the proposed method of allocation to individual colleges has the 90 percent hold-harmless provision, I think that it should work well also.

Thank you, Mr. Simon and Mr. Gunderson, for providing this opportunity for testimony. I'd be happy to answer any questions you might have.

[The prepared statement of Chancellor Robert Gibbons follows:]

PREPARED STATEMENT OF ROBERT GIBBONS, PRESIDENT, VITERBO COLLEGE

Thank you, Mr. Simon, for coming to Wisconsin to hold this hearing and receive testimony on the proposed reauthorization of the Higher Education Act of 1965. You know better than any of us present the importance of this legislation to the improvement of colleges, universities, and higher education opprotunities in this country and through them the enhancement of American domestic and foreign policy objectives, our standard of living at home, and our image abroad. Thank you, Mr. Gunderson, for inviting me to provide testimony. You give excellent representation to western Wisconsin's 3rd District, which contains both independent and public, 2-year and 4-year postsecondary institutions. Inasmuch as reauthorization of the Higher Education Act will have dramatic and far-reaching impacts on the postsecondary institutions in your district, it is indeed appropriate that we are assembled here at your invitation today.

I have been invited to comment on how I perceive the Higher Education Act to have worked—that is, its strengths and its weaknesses—and on how I would like to see the new version of the Higher Education Act work in the years to come.

The Higher Education Act has, on the whole, worked well. It has worked well for students and worked well for institutions. It has provided access to higher education programs both through institutional support and through student aid for millions of American postsecondary students who would not otherwise have had the opportunity to pursue their higher education goals. It has enabled the necessary and rapid expansion of higher education facilities and programs to meet the dramatically increased growth in higher education needs of our population during the 1960's and 1970's. It has served to strengthen through various of its Titles existing programs in mature institutions and to create new programs in developing ones.

It seems to me that in "working well," the Higher Education Act has quite naturally provided a different emphasis over the nearly 20 years of its operation. The early emphasis on facilities construction gave way to an emphasis on program development, equipment acquisition, and faculty training; in more recent years the center of interest has shifted to student assistance programs. These changes in emphasis have been timely and appropriate. In general, the outcomes of the Higher Education Act have been greatly expanded access and significant improvement in the educational level of our society.

The one significant failure, not caused but permitted, by the Higher Education Act, is given graphic documentation in the 1983 report of the National Commission on Excellence in Education. While the focus of that report was not on postsecondary institutions, it is clear that we share in the blame. Academic excellence has suffered at all levels in the wonderfully diverse network which is American education. Al-

though the average level of education in American society has increased, the average peformance level of college graduates today is not on a par with what it was 20 years ago: neither in the readiness of graduates to enter graduate programs and certain career fields or to accept the responsibilities that come with full-time employment; nor in their understanding of the institutions which constitute our modern society, their role in shaping it, or our nation's historical or contemporary role in international affairs. We could hardly expect otherwise. When the size of any undertaking increases rapidly and according to demand rather than to plan, we expect productivity to diminish. Since the products of American postsecondary education are the educated graduates of our technical institutes, community colleges, baccalaureate institutions, and graduate and professional schools, we might have expected the quality of this product not to keep pace with the rapid expansion of quantity during the 1960's and 1970's.

Therefore, the most central purpose of reauthorizing the Higher Education Act should be to improve the academic quality of the graduates of our postsecondary institutions. We have achieved significant access goals and should not in any way diminish our persistence in maintaining and even expanding them, but that should not be the central purpose of reauthorizations. We have also achieved the overall enhancement of educational level in our society, but in the process have diminished the achievement and academic accomplishment of the average college graduate. So, the central purpose of reauthorization should be to elevate further the overall level of education in our society through substantial improvement in the quality of postsecondary graduates.

This central purpose could be achieved in a number of ways. First of all, on the assumption that quality inheres more in the teaching-learning transaction than in the learning site, it seems prudent to give priority in the new Act to library and learning resources and laboratory equipment over the construction of new facilities. On the assumption that academic quality can be improved by sharpening the focus and reducing the scope of the postsecondary undertaking, it seems prudent to remove from the Act support for remedial programs in postsecondary institutions and, through other legislation, to provide additional support for these programs and the students of all ages and educational backgrounds who wish to enroll in them at academic institutations below the collegiate level. On the assumption that quality learing results from quality teaching, it seems prudent to give the highest possible priority to the improvement of teaching by all persons now practicing that profession and the improvement of teacher training programs to ensure an abundant flow of highly skilled and extraordinarily capable persons into the profession. Finally, on the assumption that an increase in quality at the expense of access or quantity is simply not acceptable, an equally high priority should be given to the strengthening of student aid programs.

The improvement of quality which should be the central purpose in reauthorizing the Higher Education Act should be complemented by a second major purpose, that of outreach. American higher education can be strengthened, its quality improved, and its service to American society greatly enhanced if the new Act featured three types of outreach programs in particular: programs to promote international education, programs to encourage cooperation among colleges and universities and other educational institutions, and programs to guarantee that the Great Society we are creating first becomes and then remains a bona fide Learning Society.

The reauthorized Higher Education Act should promote significant improvement in international education by providing irresistible incentives for study abroad by American college and university students, increased support of international studies programs in all sectors of our country, powerful encouragement for the attainment of fluency by our college and university students in at least one foreign language, and innovative support for international students enrolled in English language programs in our postsecondary institutions and for international student organizations on our campuses. A word of explanation about this last program proposal: It has been suggested that America's next great contribution to world development will be education, and if this is true or desirable, then it seems both responsible and wise to make an investment in the thousands of students from other nations who study on our campuses, even to the point of providing incentives for them to do so.

The new Act should encourage quality and outreach in American post-secondary education through a variety of cooperative efforts. While the consortium philosophy implicit in parts of the present Act has not been wholly successful, consortia, whether they are labeled such or not, are still a good idea. The reauthorized Higher Education Act should provide incentives on a local basis for faculty exchange, student cross-registration, joint library acquisitions, and cooperative learning resources utilization. It should provide incentives for more innovative and meaningful articulation

between higher education institutions and the secondary schools from which most of their students come. It should also provide incentives for a variety of cooperative efforts by public and private colleges and universities in the same geographical area, and by 2-year and 4-year postsecondary institutions, which would expand learning opportunities and effect cost savings at the same time.

The new Act should promote educational quality and outreach by guaranteeing our future as a Learning Society. it can provide programs to encourage cooperative education, as commonly understood to be a combination of on-the-job work experience and academic course work. Such programs might even feature incentives which would promote the improved articulation, as cited above, between trade schools and technical institutes on the one hand and baccalaureate degree-granting institutions on the other. Probably even more important to our future as a Learning Society is the strengthening of programs which promote continuing education in all of its varied manifestations. Further progress is needed in removing learning processes from the traditional clock and calendar schedules. The Fund for the Improvement of Post-Secondary Education has been a decisive change agent in this respect, and both Title III and Title IV programs could be re-styled to have significant outcomes in the continuing education field. In fact, the third major way to promote the Learning Society is to create financial assistance programs for continuing education students. Recent changes in Pell Grant eligibility requirements have constituted a small step in the right direction. Further support is needed in the form of both student aid and continuing education program development aid to ensure that access and opportunity are available to life-long learners, even in cases where the academic content is not occupation- or profession-related.

In attempting to outline how I would like to see a reauthorized Higher Education Act work, I have emphasized two broad goals: improving academic quality and expanding the outreach effort of American higher education. I have proposed that these goals be achieved through better teaching, better learning resources, and better support of students engaged in the learning process, on the one hand, and through more international education, more cooperation between and among postsecondary and other learning institutions, and more incentives and opportunities for lifelong learning, on the other. In many ways the bill you are proposing, Mr. Simon, would help meet these goals, but I make bold to suggest here that these priorities could and should be focused more sharply in the reauthorized Act.

In closing, I would like to make more specific comments about two of the Titles of the present and future Higher Education Act, Title III and Title IV. I represent an independent, tuition-driven, developing institution. I cannot over-emphasize the significance of institutional aid to my college through Part A of Title III. The retention of this Part in the reauthorization of the Act will be a very important factor in helping developing colleges to build new programs and stabilize their finances. The recent modification of Part C of Title III, to provide endowment grants to developing institutions, is a very wise investment of federal resources in American higher education. The proposed new Title XII will provide such a program; and one would hope that institutions defined as "developing" for Title III purposes would be highly, if not solely, eligible for participation in Title XII. It is these institutions which will be most dramatically strengthened through such endowment grants.

A closing comment on Title IV is in order as well. The establishment of the Pell Grant Program as an entitlement and the increase proposed in the Pell Grant ceiling are timely and appropriate changes; the proposed modification of the half-cost provision, however, is not. I would like to urge framers of this Act to consider that the proposed modification of the half-cost provision inexorably and over time will have either or both of two undesirable outcomes. Because the proposed modification of the half-cost provision will tend to accentuate the out-of-pocket cost differential for students choosing between independent and publicly-supported colleges, it will drive Pell Grant-eligible students to public institutions. If independent higher education is a feature of the American system worth preserving, and if freedom of choice is to be more than just a slogan, then the half-cost provision must be retained in Pell Grant legislation. The other probable outcome of the proposed modification in the half-cost provision is the escalation of public education prices. If there is no half-cost ceiling on Pell Grants, then how long will it take state legislators to alter appropriations for publicly-supported colleges and universities in ways to result in the increasing of student tuition and mandatory fees? A State Legislature would be derelict if it took more than one year to do so. If the Pell Grant Program is truly to provide a freedom of choice in educational opportunity for the high-need student, then it must retain the present half-cost provision.

On the more positive side, the simplification and consolidation of federal grant and loan programs being proposed in your bill, Mr. Simon, are very desirable. An

Institutional Block Grant Program will give to student aid administrators on our campuses more flexibility to package campus-based federal aid to meet individual student needs. The proposed method of allocation to individual colleges should work well so long as the 90 per cent hold harmless provision is retained.

Thank you, Mr. Simon, Mr. Gunderson, and other members of the House Subcommittee on Postsecondary Education for providing this opportunity for a statement of views on the proposed reauthorization of the Higher Education Act. It has been an honor and a privilege to provide testimony, and I am confident that American Higher education will be greatly strengthened and substantially improved at the close of this century, thanks to the foresight, creativity, and prudence which are combined in the reauthorizing legislation.

Mr. SIMON. We thank you. Chancellor Swanson.

Chancellor SWANSON. Chairman Simon.

Mr. SIMON. I notice a few Scandanavians around here in the process of all of this.

Chancellor SWANSON. There's one other characteristic. About half of the people testifying here today have the first name of Robert so, you have that with a 'son' on the end and you've got all of us, I guess.

STATEMENT OF CHANCELLOR ROBERT S. SWANSON, UNIVERSITY OF WISCONSIN-STOUT, MENOMONIE, WI

Chancellor SWANSON. We thank you for this opportunity to testify before your subcommittee and especially to Steve's work in bringing it to this area. As Chancellor Hannah said, I represent the University of Wisconsin-Stout, but also three other UW institutions in this area that comprise the consortium that enrolls some 25,000 students. Specifically, I'm from the University of Wisconsin-Stout, a university of 7,400 students, a member of the University of Wisconsin system. We have a special mission that says we'll prepare professional personnel for industry, technology, home economics, applied art, the helping professions, and certain teacher education programs related to this.

Our students come from every county in Wisconsin, from about 30 States in the United States, and from over 30 foreign countries, this year. Despite the condition of the economy, in the past 10 years we have placed in excess of 90 percent of our graduates in each of the last 10 years. Annually, Stout students benefit from the financial aid programs of the Higher Education Act in the amount of about $10 million a year.

And then, in addition, we've had projects under other projects that in the past 3 years, have totalled about $575,000, two of them are continuing programs with 1 to 3 years yet to run.

Many people will testify today on the financial aids program and I will hit that very lightly. Our financial aids director will speak more specifically to that, but, in general, we do favor the creation of the Pell grants as an entitlement, the increase in both the percentage and the limitation. This will be, I think, of tremendous benefit to our students.

Improvements in the college work study program, I think, are a very important aspect. I've always favored work study, if at all, in preference to loans, because it leaves the students with much smaller debts as they leave college; it gives them the combination of work and study. It is a value to the university as well.

The block grant idea, we think, is a good one because of its increased flexibility but as with any block grant, you have the practical problem of loosing the identity of the programs. We'd like to see something done to maintain that.

But let me speak specifically about two other parts of the bill that may not be as common today. One of the subparts of title IV, the so-called TRIO programs, the project that we have installed and I think 10 of the 13 UW institutions have some version of TRIO, ours is called the project ASPIRE. And it has a good deal of emphasis on the disabled student, on first generation student, and on the low-income student.

This year it's serving 375 students; it was originally programmed for 300 students. It's a very, very popular program. The advent of disabled students on campuses across the country is increasing tremendously. Our Wisconsin Department of Vocational Rehab pointed out that in 1978 about 3 percent of students on American college campuses were classified as disabled. That became 5 percent in 1981, and the Chronicle of Higher Education is now indicating it's up to 7 percent, so this is an increasingly significant group of people on our campus that haven't been there before.

Some group of disabled students within that are the learning disabled, and this is something that has only, probably within the last 10 years, come to be a very important kind of thing. These are students that often have appeared not to be very intelligent; have appeared to be slow, to be dumb and so forth. We find that is not true at all, that they possess certain kind of perceptual difficulties: dyslexia is one of these learning disabilities that has become better known to the population of our country; people that see symbols reversed, numbers reversed, and you can imagine the problems in arithmetic if you read 76 as 67; it has very little to do with your understanding of that.

Well, our project has a large number of disabled students in it. This year, it's serving some 400 students, 100 of whom are minority students. But recently, that learning disabled student is coming in larger and larger numbers. I had a chance earlier this week to interview 10 of those students that are on our campus and as I said to them, if I'd see you walking around the campus, I wouldn't identify you as being any different from anyone else who was here. But most of them had some kind of a perceptual difficulty and they pointed out to me that most of them would not survive their freshman year without some kind of aid of this sort. A learning disability is not something that you get over, like the measles or the mumps or something else; you have to learn to cope with it, and our program delivers that service through volunteer tutors.

So the 100,000 or so in this project is magnified many times over by a couple of hundred volunteer tutors, a few of them who are themselves learning disabled in other areas. And so I would hope that that program would receive special attention because it's continuation I think is not just a humanitarian venture; it's also an economic venture.

Most of these people are preparing for professional careers and will be successful in them as a result of the coping skills.

The other title, title VIII on cooperative education, is of special interest to us but much more general than just at Stout. Our pro-

grams all tend to be technical in nature. And you don't have to know much about technology to know the difficulty that we have with technological equipment.

On the Stout campus, we have 129 shops and laboratories. And if our equipment budget were ten times what it is today, from the State, we wouldn't be able to keep up in all of these areas. But the Coop Education Program enables us to get our students out into business and industry.

We received a grant under that title a year ago; we're in our second year now. The first year was largely a planning grant but this year we have 54 students working in 26 different industries in five different States. At the conclusion of this 5-year grant, we fully expect to have about 350 students out in 250 businesses and industries. This gives them a semester of direct work experience that is supervised and controlled so it's not just work; it is a part of the program.

The additions that we get by working with business and industry, we have tremendous of gifts of equipment and supplies and in addition, our business industrial professor program causes those industries to send us people that they finance on our campus for anywhere from 6 months to 4 years, to serve as teachers, researchers and industry liaisons. This year we have nine such people from five major corporations, one of them right here in Eau Claire, that are fully funding these people to be on our staff and to work for us.

Coop education is not unique in its advantages to schools like Stout, though. In 1960, there were 65 colleges in the country that had coop experiences and programs; today there are over 1,000 of them. And we have some 220,000 students nationally working in 30,000 industries. It's a tremendous link between the university and business and industry and a way to get at their resources.

I personally am a recipient of one of the early financial aid programs, I'm a veteran of World War II and got all three of my degrees on the GI bill. My oldest son was a Vietnam-era veteran and he completed his work under that GI bill and works for a major corporation now in a good position.

I think all of these programs are not just humanitarian vestments; they are in fact, they have very great financial return. I would hope, at a minimum, that the Higher Education Act would be improved by what the House budget bill is proposing, the 3½ percent, and that many of these titles can be strengthened significantly as you have proposed, Chairman Simon.

Thank you.

[Prepared statement of Chancellor Robert S. Swanson follows:]

PREPARED STATEMENT OF CHANCELLOR ROBERT S. SWANSON, UNIVERSITY OF WISCONSIN-STOUT, MENOMONIE, WI

I want to thank the members of the subcommittee for the opportunity to appear here this morning. I represent University of Wisconsin-Stout, a campus of 7,400 students located 25 miles West of Eau Claire. Stout is a special mission university within the University of Wisconsin System, charged with meeting state-wide needs in program areas that include industry, technology, home economics, applied art, teacher education areas that include industry, technology, home econmics, applied art, teacher education and the helping professions. Founded as a private two-year institution more than 90 years ago, Stout now offers degree work from the bachelor's degree through the education specialsit degree.

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Our students come to us from all parts of Wisconsin, from most states in the United States and from more than 30 foreign counties. Our graduates are widely sought by business, industry and education. Despite the economy, placement has remained above the 90 percent mark in each of the last 10 years. Through public support of the higher education act, we have been able to offer quality education to a diversified student body. Enrollment is strong. We have turned away approximately 6,000 students in the last eight years.

Higher education is faced with a host of concerns today. This panel is as well-versed in those areas as I am. We acknowledge declining enrollments; more competition for the federal dollar; a rapidly changing technology; population shifts to the South; outdated laboratories and equipment; low faculty salaries; the need to retrain our teachers; rising costs; and, overburdened state budgets.

These are some of the problems. Each is a critical concern of high education. I don't want to gloss over these concerns, but I prefer to focus my remarks today on two aspects of the higher education act that directly affect Stout, many of its students and the needs of society. They are the special student services provision of Title IV and cooperative education, Title VIII. Both programs hold the promise of enormous benefits. This you already know. My remarks are submitted mostly as reinforcement—evidence that these programs are working. Also scheduled to testify today is Kurt Kindschi, Director of Financial Aid at Stout, who will discuss other aspects of Title IV. Tom Fonfara, a Stout senior in business administration is on the student panel.

SPECIAL STUDENT SERVICES—TITLE IV

Special Services--Project ASPIRE at Stout is a TRIO program, designed to improve retention and graduation rates of selected students. The project, now in its fourth year, works with physically disabled, first generation, and low income students. Three hundred and seventy-three students were served last year in all areas, 73 more than originally programed for. Of the total, more than 100 minority students were served. Budgeted at approximately $100,000 annually, the project targets its services at students who have the biggest need and the most potential for success. Stout's program is one of only three programs in the state that has a special component to serve disabled students. Because of this unique feature, I would like to emphasize their needs in my remarks today.

The admission's policy of the University of Wisconsin system and of Stout is an open one. Assurring access to the traditionally unrepresented groups is an overriding concern of Stout's long-range plan. This concern is cited in three of the 16 thrusts of the university's governing Mission and Thrusts Statement.

Thrust 7 of that document calls for the Unversity to "Develop new program to fit the learning needs of nontraditional students." It further states that "Societal changes will continue to alter the population to be educated. At the same time, the University will increase the percentage of older students, women handicapped and representatives of ethnic minorities."

Thrust 14 states in part "Stout is committed to various special groups such as handicapped and older students. Therefore, the University must give special attention to their needs. Emphasis on walking, use of non-motorized vehicles and car pools require more attention to parking and traffic patterns."

Thrust 16 calls for the University to "Develop programs and services for students who are lacking in certain academic skills in order to give them greater access to the University and potential for success in collegiate work." Rationale for this thrust notes that "The University's admission policy allows students to begin collegiate work, even when some of them lack certain academic skills. Since Stout's high standards put demands on all students, those who have not developed these academic skills are particularly handicapped."

Thrust 16 further explains that, "To meet the University's standards, students in need of transitional academic study should be required to take remedial work in the areas of their deficiencies. Early identification of these students and placement in transitional programs will be necessary. Speical course work in collegiate skills should be continued, expanded and developed. Counseling and advisement services should be strengthened for this group. The University should increase efforts to find extramural funding to support these programs as it seeks out creative, cost-effecative ways of delivering them. Staff should be informed of the objectives and activities in the program and should be made aware of referral and support services for transitional students."

We are no longer debating the question of open access at Stout. That was settled some time ago. Since we and other universities are admitting students with special

needs, we must find ways to provide academic assistance and other services that offer those students the best chance for success. We don't want our open door to become an invitation to failure.

In an area of speical needs students, we feel that we are doing a somewhat adequate job, but our experience is so limited that we are not sure that we have grasped the dimensions of the challenge entirely. It's apparent that needs far outweigh state and federal resources currently available.

Increasing numbers of disabled students are appearing on campuses all over the country. In the Wisconsin Division of Vocational Rehabilitation "Newsletter" (March/April, 1983) it was noted that "disabled students comprised 5 percent of all U.S. College freshmen in 1981 as compared with 3 percent 1978, according to the American Council on Educatin. . .". The "Chronicle of Higher Education" (1/26/83) estimated that 5.4 percent of all college students are disabled. In February of this year, the Chronicle raised that estimate by 1.5 percent.

The growth of the disabled student population on our campus and elsewhere may at least in part be attributed to "Public Law 94-142, which mandates service and educational opportunity to disabled high school students. Many of these students are now graduating and entering our colleges and institutions. Most important, however, is the implementation of Section 504 of the Rehabilitation Act which forbids discriminatory treatment of disabled persons at the post-secondary level. A growing public awareness about disabilities is helpful to students who are more encouraged than ever before to seek a college education.

It has been said that Stout attracts large numbers of disabled persons because of the existence of Special Education and Vocational Rehabilitation curriculum. While this may be partially true, Stout students with disabilities are found in all majors. Stout's "hands on" approach to learning is an attractive feature of our University, especially to the learning disabled. It seems logical that disabled students will go where they feel welcome—where access is fairly well assured and where appropriate accommodations and services are available. While we feel that our past and current programs are less than sufficient for the numbers of disabled students on campus, those students and their families know at least that we will try to help them.

The actual number of students with disabilities on campus is difficult to ascertain. Students with disabilities are reluctant to identify themselves unless a real need is experienced; even then there is often reluctance. Many learning disabled students prefer anonymity despite their often observed inability to survive academically without assistance. Some learning disabled students have never been identified as such until spotted by a staff person and referred for a thorough evaluation. Despite these difficulaties, some concerte numbers are available.

Financial Aid records reveal the number of students receiving aid from the Division of Vocational Rehabilitation (DVR). One hundred twenty-one were recorded in 1982-83. This number is low. It is estimated that only one-third of the 75 students working with the Coordinator of Services for Students with Disabilities last year had any DVR funding.

Significant growth in numbers of physically disabled students served by Project ASPIRE has been noted Since Project Aspire began in 1980. Thirty-eight students were served in that year, 61 in 1981-82 and 125 in 1982-83. Of 150 disabled students interviewed so far this year, 50 have been diagnosed as learning disabled. No doubt by the end of this year, the total will have grown. We estimate there are 400 students with disabilities on campus. Case studies help demonstrate the width and breadth of the problem. Three case studies are reported here:

Case Study: For the purpose of confidentiality, this student is to be called Ellen. Ellen has cerebral palsy. She needs crutches to walk. Her gait is slow and walking around campus is tedious and time consuming. Sometimes friends help her carry books, but most often, Ellen being independent as she is, will use a back pack or sling a book bag over the handle of one of her crutches. As a result of the CP, Ellen's mannerisms, such as grasping or writing are slow.

When Ellen first started at Stout in the fall of 1980, a first meeting might lead an observer to think this petite young woman with the crutches was physically very fragile. One might also think of her as fragile in spirit as well from her quiet, shy demeanor.

From the very beginning, Ellen utilized a number of special services. Priority registration was a necessity for Ellen. It allowed her to pre-register with seniors and graduate students. This meant she could choose classes that were in fairly close proximity to each other. It allowed her to schedule time in getting from one building to another, especially crucial during the winter months. Although Ellen worked with her faculty advisor, the Coordinator of Services for Students with Disabilities, suggested classes which would not only enhance Ellen's major, but classes which she

would personally benefit from such as Assertiveness Training and Driver's Education for the Handicapped.

Because Ellen has difficulty in taking classroom notes, she was given special note-taking paper. This is a carbon-like paper that is printed on campus. It allows the students taking notes for Ellen to have their own copy as well.

The first year at Stout was a big adjustment for Ellen. She had second thoughts about being far from home, college life and her major. She decided to transfer to a small community college close to home. However, the following semester, she returned to Stout after realizing the other school did not have the special services for the disabled that she needed, or the types of academic programs and opportunities that she found at Stout. She also learned that she had grown during her year at Stout and found home life too confining.

Ellen is a bright young woman, but even bright students find some subjects more than they can handle. Ellen was referred to and received tutoring in academic skills which she found helpful. Later she returned to Academic Skills, but this time as a volunteer tutor.

Through the Division of Vocational Rehabilitation, a small, compact, motorized cart was obtained for Ellen for use outside and inside. It saves her time and energy. In every sense, Ellen is truly on the move.

Ellen is a dynamic go-getter. She is often asked to speak to groups on disabilities. She maintains a strong 3.0 average and last year received a university scholarship. She has served as a peer counselor for other disabled individuals and has also served as editor for Stout's newsletter for disabled students. In addition, Ellen has served as an adviser and participant in a campus adaptive recreation program and a career education program for college women with disabilities.

Ellen is not the same person she was when she started at Stout four years ago. She has grown immensely. Although all the credit for her personal growth belongs to her, the Higher Education Act has been instrumental in making those opportunities for growth available.

Case Study: For the purposes of confidentiality, this student is called John. John is a 28-year-old re-entering student who was first on campus 10 years ago. A brief review of his transcript reveals evidence of early struggles. Although his early performance indicated his potential (cumulative average 2.3 for 3 semesters), he was dismissed twice and withdrew once. He was, however, able to find good employment after leaving Stout and was married and began a family. He and his wife have two children.

He tells a story that has become too familiar in today's economy. After several years of successful employment, he was laid off by his employer. He reports falling into a severe and lengthy depression that was alleviated only through extensive counseling and a program sponsored by his company to assist him in determining a new career path to follow.

A decision was made to return to Stout and this time John decided to approach school differently. He responded to ASPIRE's standard outreach and introduced himself to the staff prior to the beginning of the Fall (1983) semester. In order to sharpen his learning tools, John took the study skills course, participated in writing assistance and worked on his spelling skills in a small group setting. He also worked with an ASPIRE adviser one time per week throughout the semester.

Advisement was crucial to John in his first semester. In many ways, his difficulties in readjusting to the University setting were very typical of older students who return to school. His family is young; day care is a concern. His wife left a good job. She found her new surroundings less than compatible. (This year she has been diagnosed as having Multiple Sclerosis.) John felt more than a little strange at first in classes full of younger students. His skills were rusty and he wasn't sure how much he could do; he'd forgotten a lot. And, of course, he had little money.

Despite his difficulties, John achieved a 3.8 average for 16 credits in the fall semester. He continues to utilize ASPIRE advisement, but only when he feels the need. Staff members feel confident that John will use services when he needs them and that, assuming the continued well-being of his family, he should continue to do well in school. With his employment record and his education, John should be a very marketable Stout graduate.

Case Study: For the purpose of confidentiality, this student is called Lori. Lori is a learning disabled student who suffered from severe seizures as a child. She is the first in her family to aim for a four-year degree. Her problems with seizures have nearly disappeared; her learning disability remains.

Although Lori was an average to good student in high school and was encouraged to take college prep courses, it was not really imagined, because of her disability, that a university degree was in her future. It was only after she had developed an

interest in working with disabled children that she began to consider working towards a degree.

Lori entered Stout as a transfer student in the summer of 1983. She is working toward a degree in Special Education. She received some advisement from ASPIRE that summer and the following fall. She took the two-credit study skills course and participated in a small group working on spelling skills. She was referred to the University's Counseling Center for personal counseling; she continues to work with a counselor to improve her self concept and confidence. She was referred to Stout's Clinical Services Center for testing. The Center provided a thorough evaluation of her skills and limitations and prescribed ways to accommodate her deficiencies.

Lori reports that she now intends to begin work with the computers in the writing Lab to improve her communication skills. She is a responsible and motivated young woman who understands the services available. Project staff feel she is capable of monitoring her own needs and seeking appropriate services when necessary.

Lori earned a 3.4 average during the summer. With a total of 18 credits, she attained a 3.0 average for the fall semester. Currently, she is carrying 19 credits while working 20-30 hours a week. Given this positive record, there appears no reason why Lori will not graduate and attain a rewarding position in her chosen profession.

All students entering post-secondary institutions face at least some problems. Some experience such a significant degree of difficulty that their education becomes impossible. Disabled, minority and first generation students face additional problems.

A student who cannot write may need alternate means to do assignments and take exams. A student whose writing is laborious may need more time to take exams. A blind student may need help understanding the content of visual aids. Instructors may need to alter their teaching methods somewhat to make their courses truly accessible. Students often need help learning to communicate special concerns to instructors. Instructors often need more information from special services staff to understand needs and devise appropriate accommodations.

Academic advisement is particularly crucial for learning disabled students. These students often need meaningful assistance in selection of courses and instructors. Alternate learning methods including taped textbooks, notetakers and specialized learning equipment are often necessary. A sensitive and aware faculty willing to accept the disabled student and make the appropriate accommodations is crucial.

Many instructors are interested in and concerned about disabled students, but they lack information about them and their needs. Improved opportunities for recreation, physical conditioning and socializing must be offered. There must be career counseling.

Current academic support programs at Stout designed to assist students with special needs report an inability to meet the needs of all those requiring assistance. Without increased allocations for staff, capable students will be turned away.

For varied reasons, Stout has succeeded in attracting large numbers of special needs students who are eligible for support through special services. It is reasonable to predict that this group will expand at Stout, particularly as more disabled persons are encouraged to pursue a post-secondary education. Experience demonstrates that these students have needs that cannot be met by existing student services. The Higher Education Act helps Stout meet those needs.

It must be emphasized that many individuals with good potentail to be productive, working citizens are entering our campuses in increasing numbers. A commitment to access is an exemplary thing. We at Stout are proud to state that we are fulfilling our commitments to provide access to traditionally under represented groups. The large numbers of students eligible for support from special services (especially the disabled) illustrates our success. But the danger of the revolving door syndrome must be addressed. Access without appropriate support is only a partial commitment to educational opportunity. And if we are to provide adequate support to these deserving and capable students who enter at a "disadvantage," then we must seek increased assistance from all available avenues. Increased federal support is crucial.

COOPERATIVE EDUCATION—TITLE VIII

One of Stout's major concerns as it plans for the future is the establishment of links with business and industry. Rapidly changing technology requires that Stout maintain its present relationship and develop new ones. Stout has a special mission within the University of Wisconsin System that deals with the preparation of career professionals for business and industry. The University's programs call for extensive

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preparation in both technical and management areas. Organized work related experiences that include field experience, internships and practicums are an integral part of most Stout degree programs and have been for years.

Last year, because of a Title VIII award, cooperative education was added to the curriculum as a more structured method to translate theory into practice. The objective of cooperative education at Stout is to offer an additional option for learning and to give students a realistic education. Cooperative education benefits all three partners in the venture—students, employers, and the University.

Students receive a first-hand view of their career and get paid for it while earning credit. They learn how to get and hold a job. They learn how to deal with the pressure and tension of work, how to handle criticism and supervision, and how to communicate ideas.

Industry gains motivated and efficient employees. The period of cooperative employment allows the employee and employer time to assess each other. Industry has found that cooperative education often lessens its recruitment and training costs.

The partnership with industry helps the university expand its teaching resources, update faculty on current trends and place more students in jobs at graduation. It expands the University's facilities by creating learning laboratories in industry.

The University now offers cooperative education in four major areas, business administration, industrial technology, fashion merchandising and applied mathematics. The Industrial Technology program has concentrations in building construction, electronics, graphic arts management, industrial distribution, manufacturing engineering, mechanical power transmission, packaging, plant engineering, product development, secondary resource management, technical communications, and technical sales and service. Within the next four years, the University plans to expand co-op to all programs in the University related to business and industry. Fifty four students and 26 industries in five states now particpate in the program. The plan calls for eventual participation of 260 industries and 360 students.

Stout's co-op program relates directly to five of the 16 thrusts in the Mission Statement. They are:

Thrust 1 Career Preparation. challenge and assist students in developing their abilities so they will be capable of high-level performance in careers of their choice.

Thrust 2 Student Development. Challenge students to develop abilities that will enable them to fulfill many roles in society.

Thrust 4 Resource Management. Develop efficient methods to accomplish goals of the University through more effective use of its human and material resources.

Thrust 5 Technology. Promote the study and use of technology.

Thrust 15 Experience-Based Learning. Expand the University's ongoing commitment to learning through experience.

The following statements from students participating in the program have been received. They demonstrate the range of experiences these students have encountered.

Quad Graphics, Pewaukee, Wis.—"My objectives are being met. If anything I have achieved more than I set out for myself. In one month, I have learned more than in the last 21 years. My objective of doing my work as well as possible, and leaving a positive impression on my supervisors and co-workers is going extremely well. They have commented on my work as being deone well, something that I am very pleased to hear. Another of my objectives was to develop a pleasant working relationship with my co-workers. This objective has also been obtained to my satisfaction. They are very helpful in my learning the equipment and techniques used, and are right there when I ask for help or come upon a problem."

Sundstrand Aviation Operations, Denver, Colo.—"It has been a great challenge disgesting the vast amounts of information that I've been exposed to at Sundstrand. The majority of my training has been on a one-on-one basis with manufacturing engineers. The assignment I am presently working on is proving to be a valuable learning experience. I have become aware of company goals and policies through Sundstrand orientation. I have also become familiar with products manufactured and the processes used to produce aerospace hardware through daily job exposure. Upon completion of a linear tolerance buildup chart course I was able to apply this knowledge to actual situations. I have developed process plans for an experimental part and have redrawn space shuttle part process plans."

IBM, Rochester, Minn.—"My job duties have mostly been writing, editing, debugging and documenting six more programs in BASIC for a statistical package for the IBM Personal Computer. These programs, along with the remainder of the package, are statistic programs. I have had to use my statistical background and statistics books to understand the algorithms I am translating from the 5110 Personal Com-

puter package of programs. I also attend weekly staff meetings that inform me of the activities of others in the department."

Pierce Manufacturing, Inc., Appleton, Wis.—"Through the responsibility of updating the plant's existing drawings, and gathering outside information and drawings, I have learned how to deal with professionals throughout the industry. Through my experiences with the other industrial engineers which I work with, I am listening and communicating better as well as learning from their experiences and knowledge."

Del Monte Corp., Walnut Creek, Calif.—"I have also realized that when you are a packaging engineer you are required to work with many different departments. Since I have been at Del Monte, I have dealt with the marketing, food development, graphics, and chemistry departments as well as working with the various plants that produce our materials and packages. As a professional, I am required to communicate and work with these people to get a good product on the market. Each person I deal with has their own opinion on how important a packaging engineer's job is. Some people realize the importance of my job, but others feel my job is a small, not so important part of the whole development of a product. Whatever way a person feels about my job doesn't matter. My job is to develop, design, and revise a package, and I do this by communicating and working with them as best as possible."

Because of the career emphasis at Stout, cooperative education is a perfect fit for staff and students. But it took more than desire to launch and test and experience this new program and experience its worth. Title VIII provided Stout with the money to do the initial research and the planning. Title VIII will assist throughout the five-year grant period through a declining funding formula. By the time the grant ends in 1987, co-op will be an on-going program at Stout, supported only by University money.

In 1960, prior to Title VIII, only 65 colleges participated in co-op. Now, more than 1,000 do. Nationally there are 220,000 students and 30,000 employers participating. A growing number in industry and education feel that co-op, because it adds meaning and relevance to a student's learning experience, is the direction for education to go. Mounting technological change provides new emphasis for cooperative programs. Education cannot keep pace with changes in industry without strong ties to industry. Education cannot go it alone. Neither can industry. Cooperative education is a relatively inexpensive program that benefits each member of the partnership.

Mr. SIMON. We thank you very much—both of you—for your testimony. Mr. Gibbons, can you give me a 60-second description of your college?

Mr. GIBBONS. Yes, sir. We're located in near downtown La Crosse. La Crosse is a community of about 50,000 people; it is the medical center, health, education and cultural center for a region of perhaps 50 or 75 miles.

Viterbo College has a student body of about 1,150, 350 are returning nontraditional students, most of them are enrolled in an evening school program; 800 are traditional full-time 18- to 22-year-old undergraduates, about half of them living on campus. We are participant in the imparte program of title III programs, we have a large 5-year program grant from the education department under title III for development of academic programs, improvement of administrative services, and special services to students, as well.

Mr. SIMON. I appreciate your point on quality side; frankly, we don't hear enough of that side of the testimony, and it clearly is a problem. We do have an access problem, too. As the college board study, released here a few weeks ago, points out, in constant dollars, inflation-adjusted dollars, in 1980–81, total expenditure by the Federal Government in higher education was approximately $19.4 billion; in 1983–84, it is $15.4 billion, or a drop of approximately $4 billion.

That is, unquestionably, in part, responsible for the drop of 143,000 students in this academic year over the last academic year.

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And, if I can just add one other general description of where we are for your benefit, as well as the other witnesses, we anticipate that there will be over the next 10 years, a drop of approximately 20-percent student enrollment in the United States.

But if we were to have the same percentage of blacks, Hispanics and women who graduate from high school to enroll in college, there would be no drop and the reasons are primarily financial, but that gets to one of the points that you mentioned, and that is, we have to make sure that these students have the choice, the genuine choice of where they go; whether they want to go to Stout or to your college or to some other college.

And what has happened in the last 3 years, is that we are moving toward a segregated, economically segregated American higher education scene and that, I think, is not in the public interest. Then we get down to this 50-percent question, which is a really tough one. And frankly, I've just arbitrarily picked the 75-percent figure to work with because part of the compromise that we worked out on the last reauthorization was we would go to $2,600 on Pell grant and 70 percent, so I moved to $3,000 and 75 percent figuring that was in line with that compromise. But we're going to have to work out some compromise again.

The worst thing that can happen is for nonpublic American higher education and public American higher education to be fighting each other on the floor of the House is a sure invitation to not doing what we ought to be doing for this country.

Mr. GIBBONS. Amen.

Mr. SIMON. How we work out this compromise, I don't know. I've even thought on the possibility on the block grants, that we would have, because the tuition is higher there, that we would have not only a formula that we're now talking about, but some tuition related formula to compensate somewhat. But this is an area where we are struggling and you have hit the VE area where my guess is we're not going to have a solution until the last minute, when we get some people in a room together, and say, we've got to work out a compromise here. But it is a very fundamental issue.

Chancellor Swanson, you mentioned the cooperative education effort, and I have been very impressed by cooperative education. Would you be moving in a direction that you are without Federal assistance. In other words, is the Federal assistance really a significant thing or is it not?

Chancellor SWANSON. It is very significant to us. We have always had cooperative programs with industry. We have some things called internships, some are work experiences: they tend to be much more students working in the industry on a less formal sense. Cooperative education has some very tight guidelines to integrate education with the cooperative experience and we, quite frankly, tried a co-op program about 15 or 20 years ago, that eventually dissipated because we did not have sufficient funding to do it, and we went to the less direct programs.

We have only now again begun the formal co-op program through the auspices of this act, and so, I would hope that eventually, once with the startup costs and all assured, that it would become much more of a self-sustaining kind of thing. I believe it can be, because industry is very much impressed with it. It is an-

other financial aid for students, of course, because they are paid when they are on the job and they are usually paid pretty well.

Mr. SIMON. If I can be more specific, would you be involved in cooperative education if there had been no Federal assistance?

Chancellor SWANSON. We would not be because we had been forced to drop all of our earlier co-op programs. We would not be in it right now.

Mr. SIMON. Mr. Gibbons, if I can ask just one further question. Your emphasis on the quality side, which I really appreciate. One of the keys to quality as I observe the American higher education scene, can be endowment. What kind of an endowment do you have at your school?

Chancellor GIBBONS. We have just over $1 million in endowment; it's small.

Mr. SIMON. So that the provision in—that is a small endowment.

Chancellor GIBBONS. Yes; it is.

Mr. SIMON. So the provision in this bill that would encourage your school to get out and build its endowment, could be a significant thing for your school?

Chancellor GIBBONS. Yes sir. In my expanded testimony that's in the record, I address that point. I think the recent change in part C of title III, which has created endowment grants for developing institutions, is a very positive and sensible allocation of title III Federal dollars. Probably, in the long run, it's going to help developing colleges much more than any kind of institutional, direct institutional aid has been able to help them in the past years. And, as I said before, we have benefited greatly from part A of title III, but the part C program and what I read to be its extension in title XII of the proposed reauthorization, I would support very very strongly.

I only hope that the institutional eligibility require requirements for participation in title XII will somehow be comparable to what the current eligibility requirements for participation in title III are. Because it is the developing institutions with small endowments that need that kind of support most.

Mr. SIMON. Clearly, what we aim, in this particular provision, is precisely to help a school like yours. That and as well as many public institutions that have virtually no endowment or foundations; it gives you a flexibility that can really make a difference in quality. And obviously, the Harvard with $2 billion endowment doesn't need assistance from title XII.

Mr. Gunderson.

Mr. GUNDERSON. Thank you, Mr. Chairman. First of all, Dr. Gibbons, a followup to that question. If we look at the entire Higher Education Act, and we were to take limited funds and we were to allocate them among the different titles based on your statement of concern about the quality of education, do you think the biggest increase ought to be in the titles other than title IV, or should the biggest increase in authorization be in title IV?

Chancellor GIBBONS. I think selectively among the other titles. There are some that I would give a larger percentage of increase to, than title IV. I apologize for not being able to name the titles in their present purposes, but the ones that address teaching and

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learning most directly, I would advocate larger percentage increases in than title IV.

I think in terms of dollars, the largest dollar amount of increase would have to be in title IV.

Mr. GUNDERSON. OK. As a followup to this whole 50 percent cost, half cost provision, can you give me an example of a typical student at Viterbo and where their payments for the cost of education come from; what is the family, what is the Pell grant; what is scholarship, and so forth?

Chancellor GIBBONS. Sure. The total cost of educating a student at Viterbo College this year is approximately what it is to educate that student at the State University that is also in La Crosse—somewhere around $6,000, $6,500. The student that comes to Viterbo, if he or she is a Wisconsin resident, has a Wisconsin tuition grant of somewhere between, well, the average is probably $1,300. A Pell grant of perhaps the same size or a little bit larger.

We package GSL's anywhere from $1,500 to the $2,500 maximum fairly consistently. There would be few students attending Viterbo who do not graduate with a $6,000 to $9,000 GSL loan burden to carry with them. High achieving students have achievement based scholarship money available to them; we have a grant program privately funded that supports students from out of State that is a kind of counterpart to the Wisconsin tuition grant program.

Mr. SIMON. Would the increase—if we went from the half to 75 percent cost—would that, in essence, in your school, just replace the Wisconsin tuition grant with a private grant in scholarship programs in reality?

Chancellor GIBBONS. It would have some effect on that; it would have more effect on the amount of loan that the student would be required to take out. It is not the effect of the 75-percent provision on our student that I am so concerned about, but the effect that it would have on the public sector.

Mr. GUNDERSON. Chancellor Swanson, you have a number of foreign students that attend your campus and you've had a number of problems with them. The chairman being very interested in this whole issue, I'm wondering if you could, in a 60-second capsule, share with the chairman, one of the great problems we have with international students?

Chancellor SWANSON. Our greatest problem was with students from one country, Nigeria, and of course, we all recognize the various things that have happened to them: The oil situation, they were very prosperous briefly, and then that fell in the hole; then they had the revolution—not revolution but the takeover by the military in December—and so they have expanded their program just tremendously of sending a number of Nigerians overseas, many of them State scholars.

Now, we had 140 Nigerian students this year; 100 of them were in good shape. Many of them were on AID, and so forth, but it was this other 40 that were State or private scholars that claimed there was money back home but it could not be received here. We finally had to put in policies that we would not let new international students in that don't have money in the American bank to begin with.

I think some emergency help for people like this would be very great. There are a number of real horror stories of people who are stranded here and our local communities are picking up on them for a long time, but if there could be something that would be an aid on an emergency basis for those people, I think all of us, of course, know that a good share of the people that come, at least to us, are either teachers back home or preparing to be teachers and administrators and they are great public relations people to go back there.

I think it's a good investment through things like AID and so forth, to help that kind of student; it's very important.

Mr. SIMON. If my colleague would yield, I'm interested in this area. What, how many students, as a result of your new requirement, have you had to turn down, if any?

Chancellor SWANSON. We're not too sure; we haven't turned down a lot but the applications from them have dropped to almost zero because they are visualizing that they can't meet the requirement and so, for instance, I was looking at our total admissions for next fall, we are predicting a drop, of course, with a drop in 18-year-old students, but our admissions office said almost all of the drop in new admissions can be attributed to a drop in international student applications; we haven't yet experienced the drop in American students. There is a greater percentage of them going on.

And so that, I, expect, we, this past year, we had 280 foreign students; I think next year that will drop by 40 or 50 with the new requirement.

Mr. SIMON. And that ultimately can't be in the interest of either your campus or international relations or anything?

Chancellor SWANSON. Yes; because, it is an interesting thing, our programs prepare teachers as in most places have declined in number. We were a teachers college 40 years ago, and now, only 20 percent of our students are in teaching. But a good share of the international students we get are preparing to be teachers, and so, they are filling up those teacher education programs and making use of those facilities and providing that service overseas. So, it's a kind of a double thing of benefiting both the college and the country.

Mr. GUNDERSON. If my colleague will let me——

Mr. SIMON. Sure.

Mr. GUNDERSON. That's why I brought it up because I wanted to use this opportunity to——

Mr. SIMON. Why I think this is significant and maybe other campuses here, why I think you really ought to stretch yourself to pull in these students from other countries, I use this illustration like I used it last night in our talk, if you stretch your imagination, and imagine that 50 years ago, Konstantin Cherenko was an exchange student for 1 year at Eureka College in Illinios, and Ronald Reagan was an exchange student at the University of Moscow. For 1 year, we would be living in a different world today. We don't know who those future Cherenkos and Reagans are, but we ought to be giving them a chance to exchange.

What we're doing right now as a nation, we're piling up more and more weapons of destruction; we're spending more and more for them and we're spending less and less and less to understand

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each other. That has to be a calamitous course. We build these weapons because we fear each other; we fear each other in large part because we don't understand each other; and somehow we have to work that out.

And I would be interested in—if I may give the chancellor an assignment here—I would be interested in you, and maybe a couple of other administrators here in Wisconsin, in sitting down and coming up with an answer to this problem. It seems to me that the answer you've—and I don't mean this disrespectfully—but the answer you've come up with, and I understand the circumstances, but it is an answer that discourages foreign students from coming to your campuses.

Chancellor SWANSON. Correct.

Mr. SIMON. And that's not in anyone's best interest. So, if you can take a look at that?

Chancellor SWANSON. We will.

Mr. SIMON. And then get in touch with Steve and me.

Chancellor SWANSON. We certainly appreciate that assignment.

Mr. SIMON. Great. OK, I'm sorry——

Mr. GUNDERSON. I think it's fantastic. You've just solved a constituent problem for me. Thank you, Mr. Chairman, thank you both very much.

Mr. SIMON. We thank you both very very much for your testimony. Next, we will hear from a student financial aid panel, Kurt Kindschi, Terry Norman, and James Jung.

Mr. GUNDERSON. Mr. Chairman, while we're waiting for them, I understand we have testimony from Bob Sather and Norb Wurtzel that they'd like to have made part of the record.

Mr. SIMON. It will be entered in the record.

[Prepared statement of Robert D. Sather follows:]

PREPARED STATEMENT OF ROBERT D. SATHER, DIRECTOR OF FINANCIAL AID, UNIVERSITY OF WISCONSIN-EAU CLAIRE, EAU CLAIRE, WI

I am pleased to congratulate the Chair for his most imaginative and creative approach to meeting the challenge of providing federal aid to students through reauthorization of Title IV aid. I will limit my comments to student aid since I have developed some expertise after serving needy students for over 20 years.

If the goal of the Committee is to expand access, simplify the delivery system, enhance quality, and improve program efficiency, I offer the following modifications for your consideration. In general, the plan seems a model draft to build upon and, at the expense of not commenting on all the positive aspects, please permit me to share ways it might be improved.

Pell Grant Contractor: The whole of the Pell program can be simplified and made more efficient by eliminating the Pell contractor. The Pell contractor merely duplicates the same effort already performed for the same student by a Multiple Data Entry Agency, i.e., CSS, ACT, or Federal Form. All the accountability that now exists could continue. To be even more imaginative and more sensitive to students' needs, consider making Pell a campus-based entitlement program and create a "block" grant from SEOG, SIG, and NDSL federal capital contribution. This would be complementary to your goals. I suggest the closer the decision process is to the student, it then becomes more sensitive, more effective with better accountability.

Pell Grant Student Awards: The financial incentive is to reward students from states that contribute the least toward education cost. Example: the average cost for fees and tuition for resident students to attend a public college in Vermont is twice that of Wisconsin. Hence, under certain circumstances, the same full need student could receive an additional $1000 to attend the same type of school in Vermont versus Wisconsin. Of course, the case would be even more extreme between states with a greater range in costs such as California and Vermont. If the gap becomes enough, state legislatures could further abandon state resource commitment toward tuition in order to attract maximum federal student Pell grants. It is suggested that a national median fees and tuition be computed and it become the allowable cost for fees and tuition for like type schools per category, i.e., public, private, vocational, junior college, etc., with no grant to exceed the student's need. This strategy would encourage states to increase resources to keep fees and tuition as low as possible. The Pell program is all too often an inhibiting factor of access to the most needy. I leave with you a few typical examples of such cases. Now is the time to address these concerns of a program too centralized, inefficient, and insensitive to the most needy.

Guaranteed Student Loans: It is suggested that many students would be denied access to postsecondary school if the program restricts GSL loans up to the student's need versus need plus family contribution for families with earnings of less than $30,000. Some parents simply fail to adequately save for their children's education. Also, some families may have had serious financial reversals

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in immediately prior years and this just is not reflected in the computations of expected family contribution. Farm families are extremely vulnerable in such cases. Though ALAS loans are available, I suggest the repayment of principal and interest would only invite rampant default. Further, it is suggested that the current $30,000 maximum family earnings GSL eligibility criteria be adjusted to about $35,000 and that each year that amount be adjusted in accordance to some economic indicator such as the CPI.

Block Grant Program: The block grant concept would permit needed flexibility. However, block grants have little identity and are vulnerable to congressional budget cuts. Accordingly, it is recommended that the concept of both flexibility and identity be achieved by increasing the institutional transfer authority now at 10% to 30 or 40% between the respective programs, SEOG and CWS.

Independent Student Definition: The financial aid community would support your proposed simplification of the definitions of an independent student as being graduate students, professional students, veterans, and others over the age of 24. This policy change would make legal the existing practical relationship between the student and parents. For other students, your proposed liberalization of "student living in parents' home" for only six months versus the current requirement of about ten and one-half months could drastically alter the traditional concept of parents being the first financial level of reasonable support. This proposed change will manifest an easy legal means of parental abandonment of financial support after the typical student's first year in school. Hence, most all students, after their freshman year, could be independent students. It is suggested that the existing definition of dependency/independency be continued at this time and that the Financial Aid Offices continue to rule on exceptional cases.

Summary

The existing umbrella of student aid programs do work, providing access to postsecondary school to many who would be denied the opportunity without aid. Minor modifications to the existing programs as recommended could enhance opportunity of access, provide simplicity with identity and improved efficiency with accountability. Please consider expanding funds for the College Work-Study program, hailed as a success by Congress, schools, and students. It offers students the dignity of work for expenses, practical experience in career development, and the university benefits from the product of student work. Everybody seems to win. This university could use about 100% more CWS funds just to meet the needs of students already eligible.

Finally, in a period of fiscal austerity and reduced funding in real dollars, it is important to stress that we believe that the priority should be access for the many before choice for the few.

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UWEC University of Wisconsin-Eau Claire
Eau Claire, Wisconsin 54701

Financial Aids

Exhibit #1

STUDENT AID REPORTS
Three Case Examples

The following are typical examples of the multiple times each of the three students had to resubmit Pell Corrections before obtaining their grant. This is more often the case for "high need" students.

Don L.
Dependent student; one parent, widowed

Originally filed incorrectly with father's income.

Submission No.	Reason
1	Father's income is on SAR, realize that this information is not needed, correct and resubmit.
2	Comments question the U.S. tax paid by mother, she checks figure which is correct, signs, and resubmits.
3	Edit check by processor again requests to validate the U.S. tax paid by the mother. No change made, resubmitted.
4	SAR rejected due to lack of signature on the previous SAR. Signs and resubmits SAR.
5	Student comes in to our office with current SAR. Comments now questioning household size. Signed and told to resubmit.
6	Paid on this transaction.

Time elapsed: 4½ months

William B.
Dependent student, two parents

Files using incorrect tax paid

1	Comments question amount paid in U.S. income tax. Parents figure is correct, sign, and return the SAR.
2	Index awarded, under validation. We receive the SAR in our office, request parents send us their tax returns. Find tax paid is incorrect, make the necessary change, send back to parents for resubmission.

Accepting the Challenge of Excellence

3 Index awarded, still under validation, of course. Before we receive Transaction #3, student voluntarily sent us his tax return. It is seen that this previously unreported income could affect his SAI. Calculation performed using Pell Formula; SAI does change. Sent back to student and parents for resubmission.

4 Received new SAR. Validate one more time. Pay on Transaction #4.

Time elapsed: 3½ months

Audrey L.
Independent married student. Newly married in 1983, could legally file as an independent even though she was claimed on her father's tax return the previous year. Originally filed using her income and her father's.

1 Talks to counselor and finds that she filed incorrectly. Files using only her income.

2 Comments request verification of household size. She makes no changes and resubmits the SAR.

3 Comments request verification of household size. She now includes husband's income and resubmits SAR.

4 Comments request verification of income tax paid. She and her husband now only report his income.

5 Comments again request verification of household size. Her income, husband's income, and correct tax paid now included on this SAR and sent back to processor.

6 Student receives new SAR, signs the certification and correction boxes on the front and back and submits the SAR for payment to the Pell Grant Processor.

7 New SAR issued indicating this is a duplicate of the previous SAR. Submits to us for payment. We pay on Transaction #7.

Time elapsed: 4 months

20127/7747/013 | 6220

STUDENT'S INFORMATION

UNMARRIED | 0

(Exhibit 2, Page I)
This page is the ACT needs analysis computation of both the student's need together with the Pell index number and Pell award amount.

FFS SIGNED BY/DATE

A FM | 06/17/83

INDEPENDENT STUDENT'S & SPOUSE'S FINANCIAL STATEMENT

PARENTS' INFORMATION

MARRIED	41	WI	5	3

PARENTS' FINANCIAL STATEMENT

YES	05	-67137	0	4466	0	0	3420	0	0	3910
1399	0	3050	3500	1500	0	0	611740	461000	6000	

0	0	0	0	0	00	0	00	0	

	COMM	DORM	OFF	GRAD
	09 MO	09 MO	09 MO	09 MO
	1270	1270	1270	1610
	2530	3130	3930	3950
	3800	4400	5200	5560
	0	0	0	0
	700	700	700	700
	700	700	700	700
	3100	3700	4500	4860

Pell Award → 1313 | 1313 | 1313

ACT FINANCIAL NEED ANALYSIS

DEPENDENT

YEAR ANALYZED	1982
ANALYSIS FOR	PARENT
	0
	3910
TOTAL INCOME	3910
U.S. INCOME TAX	0
SOCIAL SECURITY TAX ALLOWANCE	229
STATE & OTHER TAX ALLOWANCE	508
	1282
EMPLOYMENT EXPENSE ALLOWANCE	0
	0
STANDARD MAINTENANCE ALLOWANCE	16640
	-14749
	3050
HOME EQUITY	2000
	0
	69870
	74920
	25300
	49620
	12.0%
	5954
	-8795
TOTAL PARENTS' CONTRIBUTION	-750
NUMBER IN COLLEGE	03
PARENTS'	-750

DEPENDENT STUDENT RESOURCES

	0
	700
	0
	0
	0
TOTAL STUDENT CONTRIBUTION	700

SELF-SUPPORTING STUDENT ADJUSTMENTS

OTHER CALCULATIONS

0	-750	0	0	0

Pell Index

1130

1983-84 Student Aid Report

Federal Student Aid Programs (FSAP)

Pell-Index #

SAI: 0 Given

1 COMMENTS

WE PROCESSED YOUR FORM ON 06-30-83.
This report is in response to the form you submitted to ACT.

In processing your application, we assumed that your parent(s) did or will file a 1982 U.S. Income Tax Return. If this is not correct, review Boxes 20, 21, 22, 23, 24 and 28. These boxes should be blank if no tax return is filed.

If the information in Section 2 is correct, you are eligible to receive a Pell Grant in 1983-84. Submit all three copies of this report to the Financial Aid Office at your school now. If the information on this report is correct and you meet all other eligibility requirements, the Financial Aid Office will calculate your grant based on your Aid Index of 0. The actual amount of your award will also depend on the cost of education at your school and whether you go to school for a full academic year on a full-time basis. NOTE: You must meet all eligibility requirements to receive your Pell Grant payment. If you are required by law to be registered with Selective Service, you will have to prove you are registered before receiving any Federal Financial Aid.

2

A. Student's Information

(Exhibit 2, Page 2)
This page is a Student Report that is a duplicated computation of the Pell index number supplied to the Pell contractor by ACT. Of course, this just causes added expense, confusion, and often months of delay to students.

UNMARRIED 000

B. Student's Status

[illegible]	1982? YES	1983? YES
[illegible]	1982? YES	1983? YES
[illegible]	1982? YES	1983? YES

C. Household Information of Parents

15.	16. State	17. Age	18. Household Size	19. No. in College
MARRIED	[illegible]	410	08	3

D. 1982 Income & Expense Information of Parents

20. Tax Figures Are	21. Exemptions Claimed	22. Income from Form 1040/1040A/1040EZ
COMPLETED	08	-87127

23. U.S. Income Tax Paid	24. State and Local Tax Paid	25.
0	00	4464

26. Income Earned by	27. Income Earned by	28.
FATHER 0	MOTHER 3420	0

29.	30.	31.	32.
0	2810	1300	0

33.	34. 1982 Taxable Income	35.	36.
80000			

E. Asset Information of Parents 35,000 15,000

37. Cash/Savings/Checking	38. Value	39. Debt
2080	4600	[illegible]

40. Value (Real Estate/Investments)	41. Debt	42. Value (Business/Farm)	43. Debt
0	0	611740	461000

F. Student's (& Spouse's) Expected Income for 1983/84

44.	45.	46.	47.
0	0	0	0

48. Monthly Amt.	49. Months	50. Monthly Amt.	
00	000	0	$

52. Other Expected Income and Benefits 0

RECEIVED UW-EC JUL 1 FINANCIAL AID OFFICE

G. Other Information and Signatures

53.	54. College	55. Student	56. Parent	
YES	YES	YES	YES	06-17

CERTIFICATION

If you have added or changed any information on this form, sign this certification and send it back to the Federal Student Aid Programs Processor.

Student

Spouse

Date

Form 106-1 1/83

WE 84708 ED 01160037S A 0 D

AF	EF	FS	ME	EE	DI	CI	BA	NA	CA	TC	AC	SC	CS
2810	0	14800	617	0	-11807	0	180740	6060	-7870	0	0	0	0

[Prepared statement of Norbert Wurtzel follows:]

PREPARED STATEMENT OF NORBERT WURTZEL, DISTRICT DIRECTOR, DISTRICT ONE TECHNICAL INSTITUTE, EAU CLAIRE, WI, AND DWIGHT DAVIS, DISTRICT DIRECTOR, NORTH CENTRAL TECHNICAL INSTITUTE, WAUSAU, WI

We are presenting this testimony on behalf of our institutions and the American Association of Community and Junior Colleges/Association of Community College Trustees Joint Commission on Federal Relations.

We could not agree more with the three basic focuses of H.R. 5240: expanding access to postsecondary education, improving program efficiency, and enhancing quality. These objectives are precisely what community, technical, and junior colleges are about. We are exceptionally pleased to find our specific endeavors and sensibilities reflected in this legislation.

For our institutions and the community colleges of the nation, the centerpiece in the Higher Education Act is Title IV, Student Aid, and the most significant part of this centerpiece is the Pell Grant program. We believe that this program should be reviewed as an entitlement for any American who wishes to participate in higher education, that the application procedures should be simplified so that they are most understandable to students (as well as to administrators), and that the timetable for sharing information about the program ought to be advanced so that college officials can study the details and prepare lucid explanations of them for students.

The importance of this Title for community technical colleges is evident in the following details:

Of the 2.6 million students who benefit under the Pell Grant program, nearly two-thirds (or about 1.7 million persons) attend public two- and four-year colleges; and nearly 63 percent of this number come from families with annual incomes below $8,000. Looking exclusively at community, technical, and junior colleges, more than 80 percent of our students come from families with $8,000 in annual income or less. Only 6 percent of our students come from families with incomes over $16,000.

Our college enroll 55.5 percent of all Hispanic students in higher education in this country and 44.4 percent of all Black students—minority groups that have been insufficiently represented in higher education for many years. Our colleges open the doors of opportunity for them. Another group of students to which community colleges cater are women; more than half of our credit student body this past year—the total number very nearly 5 million students—were women.

We provide learning opportunities to adults, a group, according to all the demographic data, that will comprise the fastest growing portion of higher education students for the years ahead. The average age of our student body is approximately 28 years old. In fact, the general characteristics of our student body include the following details: it is female, enrolled in credit programs part-time, working full- or part-time jobs, participating in occupational/technical programs, commuting to college, and, in effect, working their way through college.

We are the segment of higher education serving the needs of the growing adult "non-traditional" students. They are, in fact, the very people the Pell Grant program was designed to involve in our higher education institutions. Yet, they have suffered, as you know, over the past few years (11 to be precise) under the fixed maximum placed on the program. Since 1979, the portion of the all educational costs that the maximum allowed under the program fell by 15 percentage points—from 46 percent of costs in 1979 to 31 percent of costs this past year. This is during a period when average college costs have increased by 10 percent per year in many institutions. Unless the cap is increased, the portion of full costs that the grants cover will continue to fall with the result that many of the individuals who are targeted for this program will be denied access—a phenomenon that some institutions are already reporting as the result of the deterioration of the grants' actual value.

We firmly support increasing the maximum possible award to $3,000, and to provide mechanisms by which the maximum will increase automatically on an annual basis, to coincide with increases in the costs of education.

We also support the elimination of the half-cost limitation of the Pell Grant program, and ask that the allowance for tuition and fees be increased to 75 percent of costs. The differential proposed, however, for calculating allowances for living costs causes us some concern. There is evidence that the costs of living on campus are about the same as those required to live off campus. Proposing differentials of $400 (off campus) and $800 (off campus with parents) is not consistent with cost figures that we have seen. We would be much happier were the Act to include provision of an allowance of at least 60 percent of total living costs for all students—on campus or off campus (in whatever living arrangement).

Community technical college students have been penalized traditionally under this program in two ways: attending lower-cost institutions and thereby not qualifying for the maximum Pell award, even though the cost of this education was higher than the maximum award; and receiving much less living allowance because they were commuting students when the costs of the two situations are fairly similar. We hope that this inequity will be eliminated.

We are pleased that H.R. 5240 includes a definition of "independent" student that reflects the fact that such students are adult and should be spared the need to prove their independence. This definition will serve to speed up the eligibility procedures and to recognize the maturity of adult applicants.

Finally, on Title IV, we have some concerns about lumping workstudy students to tutor functionally illiterate adults. To avoid confusion between the programs and to permit them each to retain their distinct character, we feel they should not be folded into one another. We don't think it would be useful to relegate portions of workstudy monies for illiteracy programs. Once such a provision is made, the history of such efforts suggests, it serves as a precedent for the inclusion of other special programs; then the next step is creating a setaside for each discrete program. We would prefer to keep the programs separate and to place special literacy training programs where they are most appropriate—the Adult Basic Education and Bilingual Education programs or, as you have done, in the Continuing and Community Postsecondary Education Title, Part B, Title I. Adult illiteracy is a significant national problem; it has social, economic, and quality-of-life implications. AACJC and ACCT firmly support the implementation of special efforts to reduce the numbers of functionally illiterate adults in this country.

We are particularly pleased with the wording in Title I pressuring state and local officials to coordinate programs under this Title with other related federally-supported efforts. Too often federal initiatives in response to national problems are disparate, redundant, and frequently jealously guarded by one faction or another. This characterization certainly applies to human resource development programs sponsored by the federal government—an issue that is of particular concern to community, technical, and junior colleges and the Associations that represent them. We are also pleased with the stress placed on employment training and information resources in this Title. As we have noted earlier, population data suggest that adult education and training will be in increasingly greater demand in the near future.

Our concern with Title I is not with the specific and worthy purposes that are outlined in the bill, but rather that it does not seem to stretch beyond the familiar kinds of program activities to the broader domain of institutional change. Community, technical, and junior colleges—probably better than any other kind of postsecondary institution in this country—have produced an impressive array of programs for adults and we have adjusted our instructional behavior to match the mature individuals that fill our classes. But we still need to improve our programs and our approaches, and we need financial incentives to make these improvements. More traditional postsecondary institutions need even more help, and it is important that they too become involved intimately with adult instruction—to ensure their vitality and endurance and to serve the nation's interest. One of the important stresses in this Title, then, should be on stimulating institutional changes and instructional modifications.

As the only institutional grant program, Title III is of special concern to our colleges. The extraordinary minority percentages that we quoted earlier substantiate our interest in this Title. As it is presently cast, the Title does not fairly recognize the contributions that community colleges have made in addressing the conditions (findings) to which this Title points. Further, it does not propose solutions to the consistent history of poor program management, to the problem of institutional accountability (the program graduation issue), nor the redundancy problem (the absence of a national mechanism that could serve as a program memory, a provider of technical assistance, and a resource for speeding the development process). We also have some concerns about the eligibility formula involving Pell Grant averages, for it tends to favor higher-cost institutions, even within categories composed of similar types of institutions.

We feel the focus in Title III should fall on institutions that serve low-income students, on institutions that make unique contributions to the mix of higher education in this country because of their location and their student body, and on such institutions that are in danger of dissolution because of certain weaknesses—ones that can be redressed with the flow of federal assistance for a specific period of time, and no longer.

We thank you for the opportunity to share our thoughts on H.R. 5240. On behalf of our institutions and the AACJC/ACCT Joint Commission on Federal Relations,

we are anxious to work with the Sub-Committee on Postsecondary Education as you endeavor to improve the access and quality of higher education.

Mr. SIMON. Kurt Kindschi is the director of financial aid at the University of Wisconsin at Stout. We're hearing a great deal from the Stout area right now.

STATEMENT OF KURTIS KINDSCHI, DIRECTOR OF FINANCIAL AID, UNIVERSITY OF WISCONSIN-STOUT

Mr. KINDSCHI. Thank you, Chairman Simon, Mr. Gunderson.

It is with pleasure that I have the opportunity to appear here before you today for the purpose of providing testimony pertaining to postsecondary financial aid issues, and specifically H.R. 5240, the reauthorization bill.

I wish to summarize my written testimony by highlighting five areas of concern. First, I endorse the return to the original concept of entitlement for the Pell Grant Program, increasing the annual ceiling to the proposed $3,000 and modifying the half-cost provision to a 75-percent factor.

Assisting students to reduce their potential indebtedness by meeting greater expenses of their needs makes sense. The question is, can we afford it without jeopardizing other financial aid programs. Is there a trade off? I can't vizualize a 50-percent increase in Pell grant funds without jeopardizing some other programs. If the trade off would be to restrict the payment schedules for determining Pell awards by reducing family income levels further, I would oppose that thrust.

In short, I strongly support control growth in Pell grant programs without adversly affecting other program activity.

Second, you have proposed a block grant concept for supplemental education opportunity grants, national direct student loans, State student incentive grants. Your goal is to increase flexibility and reduce applicant confusion over a variety of programs. Although there is a desire to increase tranferability of funds between programs, block grants tend to mask the unique identity of programs to be funded. This loss of identity can often make funding cuts an easier task. A guarantee of stabilized funding by one administration can easily be overlooked by the next.

I propose, therefore, that rather than having a block grant concept, we adopt a concept of flexibility with identity. Maintain the existing programs but allow campuses additional latitude in transferring funds between those programs.

Third, the single most confusing step in the process of applying for financial aid is the multiple responses students receive after they initiate the application. I'm speaking of the Pell grant student aid report. This one form has been more influential in prohibiting high need, low income and often minority students from gaining access to college, than any other document in the application battery.

The private vendors, such as American college testing and college scholarship service already provide us with tentative award indices that are often more accurate than the one the Pell grant contractor submits, because it already contains edited data. The Federal Government is spending considerable sums of money contracting

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computation services for Pell eligibility that is already being provided to campuses on a tentative but highly accurate basis.

The elimination of the Pell contractor, the student aid report and retaining the verification of data elements at the campus level would more efficiently serve the unique needs of students who have found the application hurdles to be absolute barriers.

Fourth, enhancements in the guaranteed student loan program are needed. Middle-income families with incomes over the arbitrary benchmark of $30,000 are often being denied eligibility for any form of assistance, but yet need some relief from the rising tuition and fee costs. Speaking not only as an aid officer, but as a parent of soon-to-be college age children and in that income range, I can assure there's not a great deal of discretionary income left to assist with costs beyond normal day-to-day living expenses.

To accommodate a simplification of forms and methods of calculating eligibility, I present these suggestions: (a) eliminate the family contribution schedule which is used exclusively for GSL calculations; (b) have all calculations of eligibility be based upon "need" as determined by uniform methodology and that; (c) all families with adjusted gross incomes of under $40,000 be allowed the flexibility to replace expected parent contribution with GSL if desired.

Last, the amount of need that our students at UW-Stout are demonstrating is significantly higher than our existing campus-based authorization levels. Based upon the current U.S. Department of Education fair share computation for determination of eligibility for SUG national direct student loans and work study, our campus allocation of funds is 20 percent below the amount the formula determines that we should have.

That figure, coupled with the denial of loans for students in the $30,000 income range, demonstrates a significant funding shortfall. I strongly propose a reasonable escalation of funding levels to remain current with increasing needs, increasing costs, and a continued desire to provide access for needy young Americans to postsecondary educational opportunities.

Your attention to these thoughts is indeed appreciated. I believe I can speak for the entire financial aid community to say that we stand ready to provide input into the decisionmaking burden of developing an equitable and meaningful financial aid distribution mechanism. Thank you.

[Prepared statement of Kurtis Kindschi's statement follows:]

PREPARED STATEMENT OF KURTIS KINDSCHI, DIRECTOR OF FINANCIAL AID, UNIVERSITY OF WISCONSIN-STOUT, MENOMONIE, WI

The Higher Education Amendments of 1965, and all of the subsequent amendments to it, have stood the test of time. The amendments have demonstrated that with proper funding levels, with a comprehensive appropriation mechanism and with college administrators dedicated to ensuring efficient and accountable distribution to needy students, the dream of access to higher education without regard to family financial constraints has become a reality. It is my opinion that the student financial aid distribution system does not need a major overhaul but merely a "fine tuning" to adjust to changes in the economy, changes in higher educational needs and changes in the profile of the applicants themselves.

Federal financial aid through these Amendments has been distributed to needy students for almost two decades. It is difficult to present statistical evidence that substantiates (or negates) the hypothesis that these programs have been responsible

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for allowing students access to post-secondary educational opportunities who, without such assistance, would have been unable to do so. I can only speak from my personal experience, and from input from my counterparts, that the Higher Education Amendments of 1965 have achieved their goals without qualification. Daily, students come to my staff and I emphasizing that without the assistance they have been able to receive, whether it be grants, loans or employment opportunities, their education would be in serious jeopardy.

Listed below is my analysis of the principle elements of interest and concern pertaining to the Title IV-Student Financial Aid issues of H.R. 5240—the Reauthorization Bill:

THE PELL GRANT PROGRAM

Even though the original intent of the Pell Grant program stipulated "entitlement" as a basic premise, the analysis of Congressman Simon is indeed correct—annual appropriations and resulting distribution formula prohibits that intent. I heartily endorse a return to the concept of entitlement for the Pell Grant Program.

Modifying the "half-cost" provision to a ceiling of 75 percent of cost plus increasing the annual entitlement limit of $3000 would allow that program to keep pace with rising costs. We must remember that the 1984-85 ceiling of $1900 is the first ceiling change in a decade. In 1983-84, a typical high need student living in off-campus housing with maximum eligibility was eligible for a $1313 Pell grant. That student would have been expected to borrow $2237. Based upon the current one-half cost rule and a typical five year program, that student must borrow an aggregate of $11,185 to meet the remaining need factors. The 1984-85 adjustments to the ceiling and cost of living allowances would allow a $1625 annual award with aggregate borrowing at $9625. The proposed Reauthorization configuration (75 percent of cost up to $300) would allow a $2250 annual award requiring an aggregate of $6500 indebtedness. I strongly support a modification of the "half-cost" provision and the establishment of a new maximum Pell Grant of $3000.

AN INSTITUTIONAL BLOCK GRANT PROGRAM

While I do not strongly oppose a block grant concept for the distribution of Supplemental Education Opportunity Grant (SEOG), State Student Incentive Grants (SSIG) and National Direct Student Loan (NDSL) programs, it is my opinion that retaining the identity of each of the programs but allowing increased flexibility of fund interchange would be a more desirable direction. Often, "block grants" lose their identity of special purpose. Even though one administration may "guarantee" stabilization of funding, the next may not. Block grants, because of lack of unique identity and because of much larger appropriations, can more easily become targets for reductions than smaller identified programs. Yet, the very flexibility issue of block grants simplifies the allocation process and places emphasis of funding priorities where it belongs—at the campus level.

I, therefore, propose a concept of "Flexibility with Identity". Retain the identity of the three programs so that there is no question of unique targeting of each. Hopefully, that identity will enable a continuity of funding emphasis from one session of Congress to the next and from one Administration to the next. Congressman Simon indicated in the discussion papers (dated January 19, 1984) pertaining to Reauthorization that . . . "the complexity and variety of the programs themselves have become a barrier . . . for low and middle income students." I disagree with that analysis to the extent that variety of the programs is not as much of a barrier as the complexity of the student application process. Even with unique program identity, I concur with the Bill's support of increased flexibility. Increased fund transferability between all of the accounts (to include NDSL and SSIG) would be desirable. Possibly a 25-35 percent transfer capability between all of the programs (as opposed to 10 percent exclusively between SEOG and CWS now) would be a more optimum level of flexibility yet retaining ther unique characteristics (identity) of each program.

It is my understanding that, within H.R. 5240, there is the proposal for institutional matching requirements for participation in the block grant concept. The matching percentage would be 15 percent of the institutional allocation. I strongly disagree with the matching requirement proposal. Depending upon the exact nature of the matching requirement. (I have not obtained a copy of the text as of this date), many developing institutions, community colleges and possibly predominantly black colleges will be unable to participate. Only if the proposed matching requirement would be compatible with the existing requirements for NDSL and SSIG would it be reasonable to initiate.

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SIMPLIFICATION OF THE STUDENT AID PROCESS

It is indeed a pleasure to address this concern and, particularly, to be in consort with the intent of the Bill. The principle concern addressed by students and parents is the complexity of the application process for financial aid. The variety of programs is not a major issue as students complete only one comprehensive application form. The issue is the multitude of documents and instructions that are returned to them once they start the process. The students who are the targets of funding priorities—the low-income families, minority applicants, one parent households, etc.—are the ones who have the most difficult time with the application process. The "hurdles" that most applicants meet throughout the process become "barriers" for those students. In a review of a random group of twenty Pell Grant filers who experienced "substantial" difficulty (as defined as having to return a Student Aid Report to the federal contractor at least one extra time) in the application cycle, 75 percent were from the very group of students determined to need funds the most.

The complexity of it all is enhanced even further if Guaranteed Student Loans are involved. Students can file different financial statements (GSL Needs Test Forms) and then, depending upon relationship with other aid programs, eligibility is based upon family income status as it pertains to a $30,000 "lid" and, if over, a second set of family contribution expectations. The process is already too confusing.

Listed below are several suggestions to attempt to reduce the complexity of the application process for students and parents:

(1) Even though the concern may not be addressed in the Bill, continue private vendor (i.e., American College Testing, College Scholarship Service) participation in the application process. The expertise and input these agencies generate enhances the services available to students, college aid officers and U.S. Dept. of Education. Their service orientation and market competition will ensure an attentiveness and promptness to parent and student concerns as well as appropriate data elements for proper computation of eligibility;

(2) The single most confusing step in the application process is the multiple responses students receive, particularly the Pell Grant Student Aid Report (SAR). This form and all its variations since 1972 have caused more frustration for high need, high eligibility, often minority applicants than any other document in the application battery. Since the Pell formula is public information, the private vendors (ACT and CSS) already supply campuses with tentative "index numbers" (indications of eligiblity) and often are more accurate than the Pell processors index number as appropriate edits/reviews of erroneous data elements have been corrected. I, therefore, propose that the Pell Grant Student Aid Report (SAR) be eliminated. Allow the existing private vendors to notify schools and students of their index numbers following the same formula and edits now conducted by federal contracted Pell processor. Verification of data (referred to as Validation) has been, and can continue to be, a responsibility of the aid office to perform. The student would not be inundated with confusing documents. It would still be an entitlement as campuses would continue to "draw down" funds to meet student requests. Not only would the task be simplified for the student and even the aid officer (who may already be editing/verifying the student's financial data) but it could generate a significant cost savings for the federal government. To the best of my knowledge, the current contract is for $26 million over a three year period which does not include paper, postage, training, etc. Based upon the assumption that the total cost will be at least double that figure, the money would be much more useful in the hands of the students rather than the federal contractor. The original entitlement concept of Pell suggested a separate from for the students to receive (the SAR) to allow for transportability. Since the private vendors already keep students posted of their status and since most students have already selected their primary school of attendance, the issue of having a separate document to carry to a campus becomes a mute point.

(3) As identified in (2) above, it would be desirable to shift more of the decision-making process to the campus aid office. This accommodation of authority is already being transacted at the campus aid office to some extent. The acknowledgment of programmatic authority would be appreciated.

(4) The variations of the determination of eligibility for the Guaranteed Student Loan Program become complex when having to consider levels of family income (student and parent AGI), relationship to income "lids" and other federal aid programs. As noted earlier, it is not only confusing to the aid officers (which in turn jeopardizes audit analyses) but is even more difficult to explain to families. I propose a simplification of this application/calculation process by (a) eliminating the Family Contribution Schedule for GSL calculations, (b) have all calculations of eligibility be based upon "need" as determined by Uniform Methodology and that (c) all

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families with Adjusted Gross income (AGI) under $40,000 be allowed flexibility to replace expected parent contribution with GSL if desired. This recommendation would simplify the application process, simplify the calculation process and still be attentive to the unique needs of lower middle income families who, believe or not, still struggle with a $30–35,000 annual income. Lastly, using Uniform Methodology as the "need" calculation device already allows for campus aid officers to use professional judgement in unusual cases.

(5) Governmental regulations, as well as other organizational rules, tend to be more complex and limiting the longer they are in force. It is important to periodically "cleanse the system" of arbitrary rules and regulations which do not perform essential functions and which impede efficient communications. Yet, on the other hand, regulations must remain sensitive to the characteristics of filers and program directions. It is encumbent upon Congress and the financial aid community to simplify the process yet remain sensitive to the unique needs of eligible students.

To summarize this subpart of the testimony, I perceive a consolidation and simplication of the application for financial aid process to be far more critical than the necessity of consolidating or simplifying the programs which are currently funded.

NATIONAL CENTER FOR POSTSECONDARY EDUCATIONAL OPPORTUNITY

I am not familiar with this recommendation. If the intent of the Center is information dissemination and assistance with training, I would endorse the concept. It is essential to have an ongoing communication network as identified. Even though we appear to move from one daily crisis to the next, we must save time for planning and training. Those of us in the financial aid field believe that everyone knows about the availability of financial assistance yet there is still a substantial need for a proactive program to increase student financial aid awareness.

SIMPLIFICATION OF THE FAMILY CONTRIBUTION SCHEDULE

In communicating with those who have reviewed H.R. 5240 pertaining to this issue, there does not appear that there are major changes. The fact that the question pertaining to state and local income tax data is recommended to be included will cause additional problems. Many families have difficulty with being able to supply accurate data for this question. Whereas there are so many variations of state tax structures, whereas there is a wide diversity of forms making it difficult to reference proper location of elements and whereas some states collect revenue in different fashions (such high sales tax compared with a low income tax), my conclusion would be to keep this element out of the formula.

It is my understanding that the Bill endorses the separate calculation concept pertaining to the Pell Grant Family Contribution Schedule and the Uniform Methodology formula. Since the Pell Schedule is a unique device to determine eligibility for one form of aid rather than an over all mechanism to attempt to determine a family's financial strength, I endorse that separation.

THE "INDEPENDENT STUDENT" DEFINITION

(1) Adding a presumption of independent status for graduate and professional school students, veterans and all students over 24 makes sense. It simplifies the process and recognizes the student-parent relationship as it actually exists.

(2) The liberalization of the "student living in parents home" concept from six weeks to six months seems contrary to previous Congressional activity and contrary to input from the aid community. This step would practically open the door of allowing any nineteen year old student to apply as an independent at the beginning of their sophomore year. Since I am somewhat of a traditionalist and believe that parents do have a responsibility to assist their son or daughter with educational assistance if able, I disagree with the suggestion of liberalizing the "living at home" determinant of the dependent/independent issue. Few students, except those who marry, are orphans or wards of the state, meet the historic concept of "independent" during normal college enrollment periods of 18–22 years of age. Those that are exceptions can be dealt with individually at the campus level.

LOAN BURDENS

With a 93 percent placement statistic of our baccalaureate degree graduates (and a 95 percent placement of our Master's Degree students) in career related program concentrations, the issue of indebtedness does not carry the same significance as it possibly would at a more liberal arts oriented institution. This is not to say that concerns of debt load go unnoticed. Students and university staff are very cognizant

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of that issue and both within the university as well as with the State of Wisconsin, we have been evaluating that growing dilemma. With a stabilization of student employment programs and only a modest growth in grant programs coupled with a dramatic increase in lender participation through the GSL program during the last few years, it becomes obvious that there is not only going to be substantial increases in loan activity but also a threat of over-indebtedness of which consequences have yet to be fully realized. A shift of funding emphasis from loans to grants and, above all, work experiences is heartily endorsed. The advantage of the work experience thrust is that not only does a student obtain earned revenue to assist with paying educational costs, but the employer (which is generally the institution) benefits as well for services rendered at a modest cost.

AN ADDED CONCERN

Although not specified in the letter from Congressman Simon as an element of focus for this Hearing, I wish to add a brief comment concerning the U.S. College Work-Study Program. As specified earlier, this program has singlehandedly given the entire Title IV funding authority the credibility it richly deserves. This program of allowing students to work in areas of personal enrichment, university service and community benefit to meet their financial need has generated more success and personal satisfaction than all the other programs put together. Students want to participate and wish to feel that they have achieved certain goals with the salary being the ultimate benefit. Any proposal funding increases would be utilized to the fullest.

This opportunity to present my views on postsecondary financial aid issues in general and H.R. 5240 specifically is indeed appreciated. If I may summarize two overall concerns, it would be to have "Flexibility with Identity" emphasizing retention of the existing federal aid programs with increased transferability of resources between programs and an reaffirmation toward simplicity in the application for aid process yet maintaining sensitivity to the unique characteristics of needy students and families.

Mr. SIMON. Thank you. Terry Norman, director of financial aid for Viterbo College. How did Viterbo College get its name, incidentally?

Ms. NORMAN. It's the name of a city in Italy where St. Francis of Assisi was born, I believe.

Mr. SIMON. OK.

STATEMENT OF TERRY NORMAN, DIRECTOR OF FINANCIAL AID, VITERBO COLLEGE, EAU CLAIRE, WI

Ms. NORMAN. Thank you, Mr. Simon and Mr. Gunderson, for this opportunity to appear before you to discuss the proposals for reauthorization of the Higher Education Act.

As a financial aid administrator, I have concentrated my testimony on the title IV component of the act. The Higher Education Act introduced a diversity of students financial aid programs which were intended to meet the needs of eligible students attending postsecondary institutions. More specifically, these programs were originated to provide access and choice for those individuals seeking education beyond the high school level.

In general, the student aid programs available as part of the Higher Education Act have helped achieve these goals. Students do indeed have access to postsecondary education. More importantly, the majority of students do have a choice in the type of institution they wish to attend—public or independent, 2 year or 4 year.

However, there are still a significant number of students who do not have free choice in selecting an institution of higher education. With tuition costs continuing to increase and tighter restrictions being placed on student aid programs, some students must select an institution that they can afford to attend.

The proposal to make the Pell Grant Program an entitlement is long overdue. Specifically, this change would favorably accommodate nontraditional and/or adult students who often do not decide to enter college until several weeks or even days before classes begin. The certainty of knowing that grant funding is still available would permit these students to begin college when they are ready, irregardless as to whether they wish ~~to begin~~ in September, January or March.

The proposal to implement maximum grant adjustment on an annual basis is a pertinent change. This could be a modest adjustment using the CPI, but could be significant in the long run for institutions that keep tuition increases at a minimum.

The proposed elimination of the half-cost provision could present serious problems for the independent colleges of this country. Pell grant eligible students would be more likely to attend a lower cost public institution, where their grant could cover up to 75 percent of costs, rather than an independent college where the out-of-pocket costs and/or self-help aid would be more significant.

If the original goals of the Higher Education Act are to be maintained, that is, access and choice, the need differences between independent and public institutions must be brought closer together to give fairer choice to needy students. The elimination of the half-cost rule will only serve to broaden the gap and infringe upon freedom of choice for high need students.

It is also appropriate for any reauthorization bill to include a simplification of the existing Federal programs. The consolidation of the supplemental education opportunity grant, State student incentive grant, and national direct student loan programs into one campus-based block grant would serve many purposes:

First, it would ease the burden on aid administrators who must monitor and stay current on Federal regulations for the programs;

Second, it would allow aid administrators, who are in constant contact with aid applicants, more discretion in awarding aid;

Third, it would insure that students with exceptional need receive a greater proportion of grant aid;

Fourth, it would get financial aid funds to the eligible students on a more timely basis, and

Fifth, it would save tax dollars.

Probably the most desirable of these purposes is a simplification of the administrative process. Most aid offices today administer aids from Federal, State and institutional and private sources, in addition to other responsibilities such as loan collection duties, off campus work placements, counseling, et cetera.

The consolidation and simplification of these programs would ease the overwhelming burden now placed on many financial aid administrators.

The proposed means of determining institutional allocations for the block grant would be favorable providing that the institutions could be guaranteed 90 percent of the previous year's allocations.

Regarding guaranteed student loans, the elimination of the 5 percent origination fee and the increase of annual loan limits from $2,500 to $3,000 would be of particular benefit to students, particularly those attending independent colleges. Under the current program, a student borrowing the maximum guaranteed student loan

of $2,500, minus origination fees, is not able to cover more than one semester of tuition at most independent colleges.

If annual loan limits are increased at the undergraduate level, the aggregate loan limits must also be increased to allow for students who are enrolled in 5-year programs. A proposal has been made that loans could not be made to families, students from families with adjusted gross incomes of over $65,000. This would not be fair to many students parents with more than one child attending an independent college. While these families would be eligible to borrow under the parent loan for undergraduate students program, this could place an undue hardship on the parents in attempting to repay the loan or loans.

Therefore, I would strongly urge the implementation of the uniform needs test for all applicants to determine eligibility for a guaranteed student loan.

The current system for determining eligibility for the Guaranteed Student Loan Program has proven relatively equitable, with one exception: The expected family contribution tables for married, independent students with dependents does not fairly assess the expected family contributions for married, independent students.

Many married independent students with dependent children, whose incomes are over $30,000, are truly unable to pay for an independent college education without the benefit of a subsidized loan program such as the guaranteed student loan. Most young families are struggling with mortgage payments, car payments, child care costs, medical expenses, spouse educational loan payments, et cetera.

Without the benefit of the Guaranteed Student Loan Program, there is little or no money available to cover the average $5,000 per year independent college tuition. If the goal to promote continuing adult education is to be achieved, and to continue with the goal of providing freedom of choice, the estimated family contribution tables for married independent students should be changed to more realistically evaluate their expected family contributions.

The proposal to add a presumption of independent status for graduate and professional school students, veterans, and all students over the age of 24 may very well create more problems than already exist. I would propose that all students be presumed dependent, regardless of age, unless they could establish their financial independence.

A majority of financial aid offices currently incorporate a certification of independent student status procedure into the aid application process for students applying as independent for the first time. The burden of proof thereby rests with the individual student to verify that they were are not claimed on their parents' current or prior year tax return, did not live at home for 6 or more consecutive months, did not receive more than $750 from their parents in the previous year and could demonstrate the amount and source of outside income sufficient to indicate financial independence.

Thank you Mr. Simon and Mr. Gunderson, for this opportunity to testify. And I'd be happy to answer any questions that you may have.

[Prepared statement of Terry Norman follows:]

PREPARED STATEMENT OF TERRY NORMAN, DIRECTOR OF FINANCIAL AID, VITERBO COLLEGE, EAU CLAIRE, WI

Chairman Simon, members of the Subcommittee, I appreciate this opportunity to appear before you to discuss the proposals for reauthorization of the Higher Education Act of 1965. Your continued interest and support of student financial aid programs is genuinely appreciated by those of us on the campus responsible for administering these programs.

I have been asked to comment on the Higher Education Act as it currently exists, its strengths and its problems. I have also been invited to make recommendations regarding the reauthorization of the Higher Education Act. As a financial aid administrator I have concentrated my testimony on the Title IV component of the Act.

The Higher Education Act introduced a diversity of student financial aid programs which were intended to meet the needs of eligible students attending post-secondary institutions. More specifically these programs were originated to provide access and choice for those individuals seeking education beyond the high school level.

In general, the student aid programs available as part of the Higher Education Act have helped achieve these goals. Students do indeed have access to post-secondary education. More importantly, the majority of students do have a choice in the type of institution they wish to attend—public or independent, 2 year of 4 year. However, there are still a significant number of students who do not have free choice in selecting an institution of higher education. With tuition costs continuing to increase and tighter restrictions being placed on student aid programs some students must select an institution that they can "afford" to attend.

THE PELL GRANT PROGRAM

The proposal to make the Pell Grant program an entitlement is long overdue. Specifically, this change would favorably accommodate non-traditional/adult students who often do not decide to enter college until several weeks or even days before classes begin. The certainty of knowing that grant funding is still available would permit these students to begin college when they are ready, irregardless to whether they wish to begin in September, January, or March.

The proposal to implement maximum grant adjustment on an annual basis is a pertinent change. This will be a modest adjustment using the CPI but could be significant in the long-run for institutions that keep tuition increases at a minimum.

The proposed elimination of the half-cost provision could present serious problems for the independent colleges in this country. Pell Grant eligible students would be more likely to attend a lower cost public institution, where their grant could cover up to 75 percent of costs, rather than an independent college where the out-of-pocket costs and/or self-help aid would be more significant.

If the original goals of the Higher Education Act are to be maintained (access & choice) the need differences between independent and public institutions must be brought closer together to give fairer choice to needy students. The elimination of the half-cost rule will only serve to broaden the gap and infringe upon freedom of choice for high-need students.

INSTITUTIONAL BLOCK GRANT PROGRAM

It is appropriate for any reauthorization bill to include a simplification of the existing federal programs. The consolidation of the Supplemental Education Opportunity Grant, State Student Incentive Grant, and National Direct Student Loan programs into one campus-based block grant would serve many purposes:

1. Ease the burden on aid administrators who must monitor and stay current on federal regulations for the programs;
2. Allow aid administrators, who are in constant contact with aid applicants, more discretion in awarding aid;
3. Insure that students with exceptional need receive a greater proportion of grant aid;
4. Get financial aid funds to the eligible students on a more timely basis, and
5. Save tax dollars.

Probably the most desirable aspect of this proposal is the simplification of the administrative process. Most aid offices today administer aids from federal, state, institutional and private sources, in addition to other responsibilities, such as, loan collection duties, off-campus work placements, counseling, etc.

The consolidation and simplification of these programs would ease the overwhelming burden now placed on many financial aid administrators.

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The proposed means of determining institutional allocations for the Block Grant would be favorable *providing* that the institution could be guaranteed 90 percent of the previous year's allocation.

COLLEGE WORK-STUDY

The proposal to eliminate the state allotment formula to a formula based on the previous year's aid activity would hurt smaller independent institutions since their percentages of increase would be significantly smaller.

Two items which are under consideration in this area are consolidation of College Work-Study and the Cooperative Education program; and the proprietary schools' move to include eligibility for the "for-profit" sector to participate in the program. The first hinders the flexibility of the financial aid officer, and the second seems inappropriate and not within the original intent of Congress.

GUARANTEED STUDENT LOANS

The elimination of the five percent origination fee and the increase of annual loan limits from $2,500 to $3,000 would be of particular benefit to students, particularly those attending independent colleges. Under the current program a student borrowing the maximum Guaranteed Student Loan of $2,500, minus origination fees, is not able to cover more than one semester of tuition at most independent colleges.

If annual loan limits are increased at the undergraduate level, the aggregate loan limits must also be increased to allow for students who are enrolled in 5-year programs.

A proposal has been made that loans could not be made to students from families with adjusted gross incomes of over $65,000. This would not be fair to many parents with more than one child attending an independent college. While these families would be eligible to borrow under the Parent Loans for Undergraduate Students program, this could place an undue hardship on the parents in attempting to repay the loan(s). Therefore, I would strongly urge the implementation of a uniform needs test for all applicants to determine eligibility for a Guaranteed Student Loan.

The current system for determining eligibility for the Guaranteed Student Loan program has proven relatively equitable, with one exception. The Expected Family Contribution Tables for married, independent students with dependents does not fairly assess the expected family contributions for married, independent students. Many married, independent students with dependent children whose incomes are over $30,000 are truly unable to pay for an independent college education without the benefit of a subsidized loan program such as the Guaranteed Student Loan. Most young families are struggling with mortgage payments, car payments, child care costs, medical expenses, spouse educational loan payments, etc. Without the benefit of the Guaranteed Student Loan program there is little or no money available to cover the average $5,000 per year independent college tuition. If the goal to promote continuing and adult education is to be achieved and to continue with the goal of providing freedom of choice, the Estimated Family Contribution tables for married, independent students should be changed to more realistically evaluate their expected family contributions.

THE "INDEPENDENT STUDENT" DEFINITION

The proposal to add a presumption of independent status for graduate and professional school students, veterans, and all students over the age of 24 may very well create more problems than already exist. I would propose that all students be presumed dependent, regardless of age, unless they could establish their financial independence. A majority of financial aid offices currently incorporate a certification of independent student status procedure into the aid application process for students applying as "independent" for the first time. The burden of proof thereby rests with the individual student to verify that they were not claimed on their parents' current or prior year tax return, did not live at home for six or more consecutive months, did not receive more than $750 from their parents in the previous year and could demonstrate the amount and source of outside income sufficient to indicate financial independence.

Thank you Chairman Simon, Mr. Gunderson, and members of the Subcommittee on Postsecondary Education for allowing me to testify at this hearing. Your willingness to hear input from those of us on the campuses directly involved with the administration of the Higher Education Act signifies your concern and commitment to higher education in this country. The testimony that I have provided seeks to assist

you and the other members of Congress with the difficult decision which you must make.

Thank you again for the opportunity to appear for you and I would be happy to answer any questions that you might have.

Mr. SIMON. Thank you, very much. Mr. James Jung, the executive secretary of the State of Wisconsin Higher Educational Aids Board. Happy to have you here with us today.

STATEMENT OF JAMES A. JUNG, EXECUTIVE SECRETARY, STATE OF WISCONSIN HIGHER EDUCATIONAL AIDS BOARD AND VICE CHAIRMAN FOR ADMINISTRATION, WISCONSIN HIGHER EDUCATION CORP.

Mr. JUNG. Thank you Mr. Chairman. I am the Secretary of the Higher Educational Aids Board and vice chairman for administration of the Wisconsin Higher Education Corp.

The board is a State agency responsible for the management of all State sponsored student aid programs, including grants, interstate compact agreements, educational contracts and direct State loans. In the current year, the board will award about $46 million to 84,000 students under these programs.

The Wisconsin Higher Education Corp. is a nonprofit corporation established to be the guaranty agency for the State of Wisconsin. WHEC will guarantee $190 million in GSL and PLUS loans this year to 85,000 borrowers and the loans will be made by some 700 participating private lenders in the State of Wisconsin. WHEC has insured about $1.2 billion in loans for residents since it was established in 1967.

Wisconsin has issued over $200 million of tax exempt student loan revenue bonds since 1977 to preserve total financial access to postsecondary education for all Wisconsin citizens. Over the past 3 years, Mr. Chairman, the Student Loan Marketing Association has become the State Secondary market. This year there has been an over 45 percent decline in revenue bond and loan activity and unless there are unusual and unforseen economic or law changes, I believe that Wisconsin will no longer have a need to issue additional student loan revenue bonds.

When I last appeared before your committee, Mr. Chairman, during the time that NISL was being fashioned, I was a sharp critic of Sally May. Today, I'd like to report that Sally May has satisifed every reasonable request made by us, and our lenders, and is a welcome necessary key to Wisconsin GSL activity.

I think Ed Fox and Larry Huff have made more than reasonable efforts to ensure that Sally May does in Wisconsin, what Congress hoped she would do nationally when she was created. As a charter member of NCHELP's, WHEC has been very active in the affairs of the organization including the recent development of a comprehensive position paper on the reauthorization of the Higher Ed Act. My written testiomony today draws significantly from that position paper.

In my nearly 20 years with the GSL Program, and working with NCHELP, your proposal, Mr. Chairman, provided an opportunity for the organization to develop a genuine national consensus. Perhaps, now, NCHELP can be part of the solution to the financing

issues of higher education facing the country, rather than part of the problem.

Now, having committed to the national position, let me depart from it but only to the extent of sharing with you, for a moment or two, some generalizations about the student aid system which has evolved over the last two decades. I've been a part of this evolution from the beginning, and while age and tenure does not guarantee wisdom, Mr. Chairman, it does provide at least an opportunity for an experienced perspective.

The aid system that has evolved works well for the typical 18-year old dependent student from a typical American family attending a typical American educational institution. But what was once typical is rapidly giving way to the older student, the quasi-independent student, the dependent student from a variety of family environments; the minority student; the working adult who needs to retool educationally for the future, et cetera.

And these nontypical students are attending nontypical educational programs in institutions in growing numbers. The aid system does not fit the financial needs of the students of today nearly as well as it fit the financial needs of the typical student of the past. The aid system is old; in fact, it may be creaking.

I think the aid system measures the wrong need at the wrong time. Aid is awarded on the basis of the past in present financial capacity of the support entity of the student. What is needed is an aid delivery system that recognizes the financial capacity and responsibilities of the student after completing the postsecondary educational experience. The aid system is becoming too dependent on loans with inflexible repayment schedules.

A corollary of this point is that means should be found to better target student grant assistance which recognizes the financial capacity and responsibilities of students after completing a postsecondary educational experience. I believe the basics of a new aid system should be a State-operated income contingent loan program with current Federal and State grant programs being reformulated into additional subsidies so that what is now an inflexible burdensome loan for many citizens, becomes essentially a progressive income tax for all students.

Such a system has a further benefit of rigorously targeting aid which has the effect of assisting more citizens for the same number of dollars.

I also believe, Mr. Chairman, based on the 20-year perspective, that the politics of implementing such a simple and universally fair program for citizens seeking a postsecondary educational opportunity, are impossible. It would be easier, I think, to convince the National Rifle Association to come out against guns, than it would be to convince the Higher Educational Lobby—us—to support what I have suggested.

Therefore, Mr. Chairman, back to hard political reality: I applaud your efforts in trying to improve the status quo; I also believe that regardless of what happens in November, Mr. Chairman, your proposal will be the basic script for reauthorization.

Thank you and I'd be glad to answer any questions.

[Prepared statement of James A. Jung follows:]

ERIC

PREPARED STATEMENT OF JAMES A. JUNG, EXECUTIVE SECRETARY, STATE OF WISCONSIN HIGHER EDUCATION AIDS BOARD AND VICE CHAIRMAN FOR ADMINISTRATION, WISCONSIN HIGHER EDUCATION CORPORATION

Mr. Chairman and members of the subcommittee: My name is James A. Jung. I am Executive Secretary of the State of Wisconsin Higher Educational Aids Board and Vice Chairman of the Wisconsin Higher Education Corporation.

The Higher Educational Aids Board is the Wisconsin state agency responsible for the management of all State sponsored student aid programs including grants, interstate compact agreements, educational contracts and direct state loans. In the current year, the Board will award $46 million to 84,000 students under these programs.

The Wisconsin Higher Education Corporation (WHEC) is a nonprofit corporation established by the Higher Educational Aids Board to be the guaranty agency for the State of Wisconsin. WHEC will guarantee $190 million GSL and PLUS loans made to 85,000 borrowers by 700 participating private lenders and the State of Wisconsin during the 1983-84 academic year. WHEC has insured $1.2 billion in GSL and PLUS loans for residents and nonresidents since the Corporation was established in 1967. The default rate on loans guaranteed by WHEC is approximately 5.3%.

As a charter member of the National Council of Higher Education Loan Programs (NCHELP), WHEC is very active in the affairs of the organization including the recent development of a comprehensive position paper on the reauthorization of the Higher Education Act. My testimony today draws significantly from that position paper.

I believe that reauthorization of the GSL program should incorporate three major themes:

Reaffirmation of the fundamental soundness and effectiveness of the Guaranteed Student Loan Program.

Simplification and stabilization of the GSL Program.

Realistic distribution of cost for the GSL Program.

THE FUNDAMENTAL SOUNDNESS AND STABILITY OF THE GSL PROGRAM

Recognizing a need for a proper balance between grant funds and loan funds for needy students, WHEC believes that increases should be made to the Federal grant programs to insure that needy students are not overly reliant on loans to meet their educational costs, particularly in the lower division undergraduate population. I commend the Chairman for his commitment to this balanced approach, as exemplified by his proposal to make Pell Grants an entitlement and to substantially increase the maximum award. While I may disagree on details, such as the proper loan limits for Guaranteed Loans, I strongly support the increases in grant funds proposed by H.R. 5240. GSL default experience will definitely be affected by the funding balance achieved for grants and loans to needy students in the years ahead.

It is essential for the success of the Guaranteed Student Loan Program that a stable environment be maintained, in order to provide an adequate balanced approach to loans and grants already mentioned, but also protection of the Program's entitlement nature and encouragement of private lender support.

SPECIAL ALLOWANCES

One essential element in retaining lender support is the continuation of the Special Allowance, which relates a lender's return on Guaranteed Student Loans to the cost of money as exemplified by Treasury-bill rates. I believe that the current level of Special Allowance, T-bill plus 3.5 percent, represents a fair, and not excessive, return to lenders. I, therefore, oppose the provision in H.R. 5240 which would reduce this allowance to T-bill plus 3 percent. Many lenders hold their student loans through the repayment period; reduction of the Special Alloiaance by one-half a point could make loans, especially small-balance loans, less than cost-effective during the expensive process of collection. Finally, the current uncertainity concerning the future of tax-exempt student loan revenue bond financing, with its concomitant pressure for States to seek taxable sources of funds, would make a reduced Special Allowance totally unfeasible. Taxable funds will cost State secondary markets and direct lenders substantially more than tax-exempt funds; one-half of a reduced Special Allowance would not provide enough return to cover costs.

I urge the Subcommittee to reconsider its proposal to reduce the Special Allowance, and to continue the curent level without change.

LENDER OF LAST RESORT

I strongly suport the continuation of the current, decentralized State or private, nonprofit approach to administration of the Guaranteed Student Loan Program. I commend the Chairman, for his proposal to repeal the Federally Insured Student Loan Program, except for isolated instances where its continuation is absoluately necessary.

States and private, nonprofit organizations have proved since the passage of the Education Amendments of 1976 that they can administer the GSL Program more efficiently and with substantially lower defaults. Recent growth in the programs of a number of the newer State guaranty agencies has reflected a strong effort on the part of those agencies in overcoming local lender reluctance to participate in the GSL Program because of unsatisfactory experience with the prior Federally Insured Program. Repeal of FISL will reinforce the decision the Congress made in 1976, and will discourage subtle efforts on the part of some who would seek to recentralize and re-Federalize the Guaranteed Student Loan Program.

Total access to student loan capital by all eligible students has been and continues to be the policy in Wisconsin. We have had a State direct student loan program in Wisconsin since 1933. While the program is smaller than it once was, it is available when needed to be the lender of last resort. I therefore support the provision of H.R. 5240 requiring each State to provide a lender of last resort program to assure access to subsidized loans to eligible borrowers.

It is critical that the statutory language on lender of last resort leave each State free to determine the best method for assuring all eligible borrowers of access to loans. Some States have agreements with commercial lenders to serve as lenders of last resort; others, like Wisconsin, have established State agencies or designated private, nonprofit organizations to serve students that would otherwise be unable to receive loans. H.R. 5240 leaves that flexibility in the hands of each State agency. Only if an agency were unwilling to enter into any arrangement for a lender of last resort would the Secretary have authority to make alternate provisions for such a lender. I strongly support this provision in the Chairman's bill.

LOAN LIMITS

While access to capital is important, equally important is access to sufficient capital to provide adequately for a student's educational expenses. I do not believe that H.R. 5240 goes far enough in increasing loan limits. I recommend an annual ceiling for undergraduates of $4,000 and for graduates of $8,000. Aggregate levels should similarly be increased to $20,000 for undergaduates and $40,000 for graudate students. In addition, Congress should periodically review these limits in light of increased college costs.

The GSL annual undergraduate loan limit of $2,500, was set in 1972, a year when the amount could pay for all of a student's costs at a public college, and for one semester at an independent college or university. Now it pays for six or seven weeks at many colleges and universities in metropolitan areas around the Nation. While H.R. 5240 proposes an increase to $3,000, the next reauthorization may not occur until the 1990's, at which point $3,000 will amount to a $500 increase over 18 years, a minuscule increase of less than one percent per year.

Maximums of $3,000 grant and $3,000 loan looks like "balance," but it is not always the "appropriate balance" sought by the Congress. The most needy student may need $4,000 or $6,000 in Fedeal, State, and institutional scholarsships; it may be most unwise to saddle him with debt. On the other hand, a less needy student, or members of a large middle-income family, may need a $4,000 student loan, especially if ineligible for a Pell Grant.

We all share the Subcommittee's concern that students not be overburdened by debt when they graduate. However, current evidence is that substantial indebtedness does not lead to increased defaults. The National Commission on Student Financial Assistance found that those with high loan balance were least likely to default. Similarly, the Student Loan Marketing Association has testified that those students with loans of more than $10,000 were better repayment risks, with default rates of close to one percent.

The college graduate of the 1980's will earn one million dollars in his lifetime, most of this due to a college education. A graduate degree could bring from $1.5 million to $4 million—not just for athletes or surgeons—but also for lawyers, businessmen, engineers, and researchers. That is why those of us who guarantee loans urge the Subcommittee to increase the annual loan limits to $4,000 for undergraduates and $8,000 for graduate students.

CONSOLIDATION OF TITLE IV STUDENT LOAN PROGRAMS

As noted previously, I support the repeal of the FISL programs, as proposed by H.R. 5240. Since the program is being terminated administratively by the Department of Education, it should be terminated legislatively.

Similarly, I have long believed that the separate National Direct Loan Program has served its purpose and should not be continued as a separate program. H.R. 5240 proposes to incorporate NDSL into an institutional block grant, leaving it to the institution's option whether to continue to make loans at the campus level. NCHELP's recommendation which I support would allow even greater discretion by the college financial aid administrator.

NCHELP suggests that institutions currently participating in the NDSL program be given three options:

1. Continue and institutional loan program;
2. Utilize the NDSL revolving fund in their need-based grant and/or a work-study program; or
3. Become eligible lenders under the GSL program, using the revolving fund as loan capital.

The third option would provide additional assurances to the institutions of the continued availability of loan capital for students served by the NDSL program, while providing a guarantee for the fund corpus which they do not now enjoy. The guarantee provided for these loan funds would apply only to new borrowers after the effective date of the legislation.

NONSUBSIDIZED LOAN PROGRAMS

For many years, the Guaranteed Loan Program included a component authorizing unsubsidized guaranteed loans for students whose family income exceeded the statutory ceiling. This program was lost in 1981 with the enactment of the ALAS program as an adjunct of the PLUS or parental loan program first authorized in 1980. The result has been confusing to students, parents, and lenders. While PLUS loans are increasingly being made, the ALAS program has not lived up to expectations. As a result, students in need of additional credit are too often unable to receive loans.

NCHELP proposes to separate the parental and supplemental student loans into two distinct programs. While this recommendation would appear to add complexity to the Act by creating two new programs, I believe that the resulting clarification and simplification of the provisions and purposes of the programs would actually serve to increase the supply of loans available to meet the needs of both parents and students.

The proposed Supplemental Student Loan Program would have the following features:

1. The maximum interest rate would be 12 percent.
2. At the lender's option, the student would be given the choice of paying interest while in-school or of having the interest capitalized at the end of each calender quarter.
3. Dependent unergraduate students, as well as independent undergraduate students and graduate students, would be eligible to borrow.
4. The annual and aggregate loan limits would be the same as recommended for the regulator loan program—$4,000 and $20,000. These limits would be in addition to any GSL borrowing, not to exceed educational cost less other financial aid. Students, would be allowed to borrow expected parental contribution.
5. Loans would have the same repayment terms and grace periods as regular GSL loans; they would be allowed to be consolidated under the same provisions. Special allowanes would be paid.
6. If students had previously borrowed under the ALAS program, they would be allowed to refinance their loans under the new program.

In summary, the Supplemental Student Loans would be made on the same terms and conditions as regular Guaranteed Student Loans, except that the interest rate would be 12 percent and no in-school interest subsidy would be paid.

The new Loans for Parents Programs would have the follwong features:

1. The maximum interest rate would be 12 percent. Special allowances would be paid.
2. Parents would be eligible to borrow $4,000 per year per student, up to an aggregate of $20,000. They would be limited by total cost of education less other financial aid, and would be able to borrow their expected parental contribution. Parents could borrow for undergraduate of graduate students, and their loan amounts would be in addition to the amounts borrowed by the student.

3. Other than the unemployment deferment, parents would not be eligible for any of the other deferments available to student borrowers.

4. A parent borrower would be able to refinance prior loans taken out on behalf of the child and consolidate those loans with the new loan. This would include PLUS loans, including those bearing interest at 14 percent.

5. The maximum repayment period for a parent loan would be ten years from the date it is taken out or refinanced.

6. All other terms and conditions of a parent loan would be the same as those currently in law.

ELIGIBILITY FOR GUARANTEED STUDENT LOANS

In order for a student to demonstrate need for a Guaranteed Student Loan, NCHELP proposes the development of a Credit Eligibility Index. This Index would reflect a standard for credit-eligibility which would differ from existing needs analyses which serve as rationing devices for too-scarce grant funds. The CEI would be based on family size and the adjusted gross income in the tax year prior to the academic year in which the loan is made. Campus aid administrators would be allowed to exercise professional judgment in adjusting the Index in those cases where there has been exceptional change in family circumstances.

Students from families with adjusted gross incomes of more than $30,000, and those from families below that income level who sought Guaranteed Loans of more than $2,500 for undergraduates and $5,000 for graduates, would have their eligibility determined under the Credit Eligibility Index. The maximum loan amount would be equal to the total cost of education, less other financial aid received, within the loan limits set by law.

We propose that the Index be established in the Higher Education Act, either by means of a formula or by benchmarks for a table. The Index would be used in the same manner as the current GSL Contribution Tables. We also propose that separate indices be established for dependent students from one-and two-parent families, and for independent students who are married, single, or single heads-of-household, a total of five separate indices.

Any student eligible for less than $500 but more than $1 would recieve a loan of $500. This would parallel the current statutory provision that students eligible for $501 but less than $1,000 recieve $1,000. It would also substantially alleviate the current problem which many students, especially those in proprietary schools and community and junior colleges, face with lenders who are reluctant to make small-balance loans.

ADMINISTRATIVE PROVISIONS

I also want to support the adoption of a number of specific administrative changes designed to simplify and stabilize the Guaranteed Student Loan Program:

1. Eliminate the maximum repayment rule of 15 years. It serves no useful purpose and threatens to cause administrative nightmares.

2. Allow half-time students an in-school deferment. If a student is attending school at least half-time, he should not be required to be in repayment status on his prior Guaranteed Student Loans.

3. Establish statutory standards for foreign school particpation in GSL. This has been the subject of controversy and court action; the Congress should take the lead in establishing standards for participation of foreign institutions.

4. Return the initial grace period after a student's in-school period to 9 months. H.R. 5240 makes ths change, and the Council supports it. The reduction to 6 months has resulted in little savings to the government and has created unnecessary difficulties for students in making transitions from undergraduate school to graduate school or work. In addition, for administrative simplicity, allow students eligible for a 6-month post-deferment grace period on one of their loans such a grace period on all of their loans.

5. Allow agencies to retain a flat 30 percent of collections on accounts in default, rather than requiring detailed accounting for eligibility for that amount.

6. Modify subrogation requirements to limit their applications to agencies that, in any fiscal year, do not collect an amount equal to four percent of the total balance of loans in default at the close of the previous fiscal year. Subrogation provisions have been a source of much discussion between NCHELP and the Department of Education; they should be spelled out in the statute by the Congress.

TAX-EXEMPT ISSUES

I strongly believe that State-level secondary markets and direct lenders should have access to public-purpose tax-exempt financing, in order to maintain an adequate and stable supply of loan capital. In Wisconsin, the direct State lender of last resort is supported through the sale of tax exempt revenue bonds authorized by the Legislature. While I recognize that tax law is the purview of the Ways and Means Committee, provisions of the Higher Education Act governing Special Allowances and Plans for Doing Business affect the operations, and the very existence, of State direct lenders like Wisconsin. In this context, I appreciate efforts of Members of this Subcommittee and other Members of Congress in urging the Department of Education to modify its proposed Regulations concerning tax-exempt funding. Such modifications are necessary if a stable and broad-based supply of Guaranteed Loan capital is to continue.

ORIGINATION FEE

I strongly support the repeal of the 5 percent origination fee proposed by H.R. 5240. The origination fee was a stop-gap budget measure whose time has come and gone. It should not be continued; students should receive the entire amount they borrow.

EXTENSION OF REPAYMENT

As students borrow more and more to meet rising college costs, their loan burdens become such that a 10-year repayment period is insufficient to repay their obligations. Forcing such students into such a short time-period, with unreasonably high monthly payments, can only force them into delinquency and default. However, mere extension of the term of a Guaranteed Loan, with its accompanying Special Allowance payments, can be exceedingly costly to the Federal Government. Obviously, some accommodation must be made between conflicting interests.

I support the NCHELP proposal that students be permitted to extend their repayment period beyond ten years, but in such a manner that the student, not the Federal government, bears the increased costs.

The proposal works this way: At any point within three years for the start of the repayment period, the borrower may select a repayment period of up to 20 years. During the first three years, the interest rate to the student would be the average rae of the original loan(s). Thereafter, the student's interest rate would increase by one-half of one percent each year; the Special Allowance would be reduced accordingly. This would continue until the borrower is paying an interest charge which at least equals the interest and Special Allowance which the lender would have received if repayment had not been extended.

At this point, the student's interest rate for the subsequent 12-month period will be calculated to equal the interest and Special Allowance the lender would have received in the previous quarter if repayment had not been extended. This interest rate would similarly be recalculated annually until the principal; amount was repaid.

This proposal would have the advantage to the student that his interest rate would rise gradually, at the rate of one-half of one percent per year, over the life of the loan, rather than suddenly ballooning to market rate. This rise could usually be expected to reflect his/her increased earning capacity in the years after he left school. The student would not have to meet any statutory minimum amount in order to take advantage of extended repayment. The extensive disclosure required by the law, plus students' assessment of their own earning potentinl, should allow students to make educated judgements concerning the advisability of opting for extended repayment programs.

The lender would be assured of a return equivalent to that it would have received if the loan had not been extended. The rate paid by the student would be reflective of rising—or falling—interest rates, so the lender would not have to take the risk of trying to second-guess interest rates over the long term.

There would be minimal cost to the Federal Government, if any, for this extended-repayment option. Savings to the Treasury in default prevention could be substantial.

MONTHLY MINIMUM REPAYMENT

I also support NCHELP's proposal to increase the minimum monthly payment to $75 for all new borrowers. This is similar to the provision of H.R. 5240 requiring a minimum annual aggregate of at least $900. It is unrealistic to recommend higher

loan limits and longer repayment terms without corresponding increased to the actual minimum monthly repayment amounts.

FEDERAL ADVANCES

As State guaranty agencies become more firmly established financially, it is appropriate that some of the cost of the Guaranteed Student Loan Program be shared by them. Therefore, I recommend that States be encouraged and permitted to return all Federal advances to the Federal government within a reasonable time frame. It is my position that the reasonableness of that time frame should *not* be determined by the Secretary of Education or by the State agency itself. Rather, it should be based on an independent determination of the overall financial condition of the agency's loan guarantee program.

INSURANCE PREMIUM

Existing law prohibits "collection of an excessive insurance premium." I recommend that this be amended to limit the total fee charged to students as an insurance premium to three percent of the loan amount. Guaranty agencies would be authorized to charge a flat fee for all students.

Current fees charged by guaranty agencies vary from State to State. In many cases, they are calculated on the basis of a projection of a student's years in school and the total life of the loan. Thus, a student entering a four-year school would pay a higher insurance premiums for a $1,000 loan than a student entering a one-year program. Yet the first student may drop out of school after his first year, having borne a disproportionate share of the insurance fees.

Authority to charge a flat fee to all students, based on their annual loan amounts, would equalize the cost to all students and would reduce the cost to a substantial number of students.

LOAN CONSOLIDATION

I strongly support loan consolidation by all eligible lenders and holders of Guaranteed Student Loans. In addition, guaranty agencies should have the ability to guarantee loans consolidated by eligible lenders within their States.

PROGRAM ADMINISTRATION

In order to maintain a reasonable sharing of the cost of reinsurance between the Federal government and State guaranty agencies, the current methodology for reinsurance should be retained. Any alternatives to the current system of progressively graduated system of reinsurance should be considered in the light of their continued incentives to State guaranty agencies to keep default rates as low as possible.

In addition, the existing Administrative Cost Allowance of up to one percent of loans guaranteed annually should be retained. To guaranty agencies, especially the newer ones, such allowances are necessary to maintain an efficient level of program operations.

COLLECTIONS AND DEFAULT PREVENTION

NCHELP has identified a number of suggestions to improve collection of delinquent Guaranteed Loans and to reduce defaults. I support all of them as ways to achieve maximum collection results in Wisconsin.

First, Federal income tax refunds due to defaulted borrowers should be applied to their defaulted loan indebtedness, at the request of the guarantor. Similar requirements have been successfully implemented at the State level in several States.

I am aware that the Internal Revenue Service has traditionally opposed use of the Federal tax system for collection of other than Federal taxes due. However, defaulted loans are a direct drain on the Treasury. It is not unreasonable for the Federal government to such leverage, given the ample opportunity a student has to repay the loan before such action would be taken. We have successfully implemented a State income tax refund set-off program in Wisconsin. The results in just three have been dramatic as $750,000 has been collected under this program.

Second, Federal law should provide that garnishment of wages would be allowed in any State, at the request of the guarantor. Again, several States have taken action on their own to provide for garnishment. However, once a student crosses a State line, enforcement of a decision in one State becomes extremely cumbersome, if not impossible, in another State.

Third, I support the provision in H.R. 5240 establishing a statute of limitations of at least six years on defaulted student loans. States with longer statutes would not be affected.

Finally, I believe guaranty agencies should be authorized to raise the interest rate on all defaulted student loans by three percent over the rate in effect at the time of default. This provision would only apply to loans made after the date of enactment of the Higher Education Amendment of 1984. A student who defaults on his loan payments should incur a substantial penalty for his failure to repay. This provision would transfer much of the program's cost from the Federal government to the student, thus providing a substantial deterrent to default.

Mr. Chairman, I would be happy to answer any questions you or other Members of the Subcommittee might have.

Mr. SIMON. Thank you very very much. Let me get to a couple of specifics. As I was reading through your testimony, you have this sentence in here:

"It is critical that the statutory language on lender of last resort leave each State free to determine the best method for assuring all eligible borrowers of access to loans."

Is the present language in our proposal, does it leave you free, or is——

Mr. JUNG. Yes, I think that——

Mr. SIMON. OK.

Mr. JUNG [continuing]. We generally support that. Yes.

Mr. SIMON. OK. Then, you also go into the special allowance question. You understand why, from our perspective, if we can bring that down to 3 percent, we can save some money and use it for other things. One of the suggestions that has been made is that we permit 3½ percent for the first year, and 3 percent after that. Does that make—I might say that the reason for suggesting that is that some people say that the first year is when some students, especially those in proprietary institutions, most of them have programs that are less than 1 year; it would cover some of the more troublesome areas but not open the bank vault quite as widely.

Does something like that make sense to you or?

Mr. JUNG. Ah, no, it doesn't, Mr. Chairman.

Mr. SIMON. OK.

Mr. JUNG. I think when it comes to special allowance, the concern ought not be to save a dollar here or a dollar there. I think that it is the effect of special allowance on the private lending community and as long as the guaranteed student loan program is largely dependent on private capital to be successful, then any change in the special allowance formula should be done with the agreement or the consent gotten one way or another from the private lending community.

It's taken 10 years of work on everyone's part associated with the program to have what we have today which is essentially a totally funded, privately funded guaranteed student loan program. The need for State direct programs has largely been eliminated because of the very fine decisions that you folks have made in the past. And to make any change in special allowance payments without the concurrence of the lending community, I think, would be playing with fire.

Mr. SIMON. Well, we're not going to find the banks eager to come in here and——

Mr. JUNG. Or savings and loans——

Mr. SIMON. Say we would like to take less money for our services. But I guess the question we have, because you say you save a few dollars, we're talking about millions here, and it gets down to the real question is, would the banks, from your experience, would they be willing to go along and continue to process loans at the 3 percent special allowance?

Mr. JUNG. Yes, I think that there would be a substantial number and I think in Wisconsin, our lenders would largely go along with it but I think there would be a decrease of participation. More importantly, though, I think that if money gets tight again, and lenders can place their money someplace else, that they perceive can get a better yield, I think that's where the trouble would begin and it's going to be felt in many other States before Wisconsin.

I think there are other ways that you can save money. I don't know if its politically acceptable to look at them but special allowance is so important in making the GSL Program stable that I wish you wouldn't look there.

Mr. SIMON. Alright. Well, this is why we're here to get your input.

Ms. Norman, if I may. You touch on something that I would like to ask both you and Mr. Kindschi about, and that's the college work study, the proposed change in the formula. College work study was originally designed to help the student of very limited financial means. But the studies now show that we're helping the children from families of $50,000 income more than we're helping families of $10,000 income; that college workstudy is not helping the people who really the program was designed to help.

It may be a good thing on an individual campus but we're trying to get it back to its original purpose. So that at your campus or at any other campus, if they want to help a student who comes from a family that's fairly comfortable in its means, you go ahead and do that, but that's not really what the Federal program was designed to do. Now, you understand our problem. How do we—now we don't want to take money away from you but we want to make sure that—on both of your campuses here now, but we want to make sure the program really does what it was designed originally to do. Any reaction from both of you?

Ms. NORMAN. I feel that at our campus that indeed the college workstudy funds are going to students that truly need them. At Viterbo, 85 percent of our students are getting need based aid, with the average family income being around $15,000 for a family of five. Many of those families really do not have the funds to contribute. Also, many of our students are from farm families which have large assets which are not liquidatable right now and we do give those funds to our neediest students.

We have a major institutional work program on our campus which we give to those students who are not eligible, do not show high need, so I feel that, at our institution at least, we are giving those funds to the neediest students.

Mr. SIMON. Well, what percentage of your students would get Pell grants?

Ms. NORMAN. It's around 56 percent. A lot of them are eliminated from the Pell Grant Program because of the farm assets.

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Mr. SIMON. But I would think you would be helped by the program, but I don't know. Anyway, you might reflect on this; you understand where we're coming from. What we have now before us is not something that's the law of the Meads and the Persians, that's not going to be changed; it's something that we're, it's a working document. And we want it to be a practical document on your campuses.

Yes?

Mr. KINDSCHI. I think there has been a factor of escalation in the levels of family income, in the median income, of recipients. Preparing for the hearing here today, I went thru some of the old Fiscop reports, our old annual reports from 10 years ago, and there's a substantial increase. We're still looking at though the major beneficiary of the Federal aid programs are still in the teens, the $20,000 income ranges, being a public institution, of course, that will keep those numbers down, those family income levels down. It's not absolutely impossible for a family to have a family income of $50,000 to have eligibility for workstudy but that would be far the exception rather than the rule. We too would be dealing with, in west central Wisconsin, primarily an agricultural area lower than the norm as far as recipient income levels.

The workstudy program, of course, provides with a great deal of benefits, not only to the student to meet their needs, but for students to gain experience in their projected vocational areas and obviously the employer of the institution or a nonprofit employer gains that low-cost services, too.

I think, above all, that students gain that dignity of being able to work and earn money. We've talked to students who have been in college, and few will say that their primary costs were covered with grants; some will indicate that they are still paying back their educational loans; but almost every single one that did have a job while they're working, will emphasize that that was how they got through college.

And that is one area where I think there's just a continued stress at the Federal level to support some of the State programs that we have—institutionally funded programs that we have—is really needed. I think it's unfortunate when there's a high level of unemployment for our young Americans today that want to go on to college.

I saw the statistics this morning in the St. Paul paper that it was 46 percent of the teenage black students or teenage black people in the country are unemployed. These people have never had the opportunity of working at all. And that minimal amount of experience to meet educational needs in a work ethic—that's how you develop a work ethic in my mind—and you know, we're dealing with shotgun approaches here. Large amounts of money to meet large amounts of needs for a large number of people. But I think that the workstudy program has been one of the—most of them do work—but that has been the king pin of the federal aid programs.

Mr. SIMON. Mr. Gunderson.

Mr. GUNDERSON. Thank you, Mr. Chairman. A lot of discussion focuses on campus based programs. Whether we're talking college workstudy; whether we're talking the SEOG's or combining those, et cetera, ought there be any changes in the criteria at which we

disseminate those funds to campus? In determining which campus receives it? Any of you, all of you?

Mr. KINDSCHI. I've indicated in the last portion of my presentation the fact that the current formula that the Department of Education uses, the fair share versus conditional guaranty factors, we're at the present time are 20-percent below that fair share. From my perspective, absolutely, there should be some changes. I think that SEOG, I believe, and I'm not an authority on all of the technicalities of the distribution mechanism, but for example, on SEOG, it centers on the number of people in secondary education as the factor the formula determinant on distribution of SEOG funds.

I'm glad you're not upset. I don't believe that that is a very equitable way of using and developing a formula for distribution of those particular funds. Some campuses have been in the NBSL business for many, many years, have a large amount of loans into collection process and those certainly don't want to see them penalized, yet, possibly, the Federal capital contribution could be lowered somewhat to help those emerging schools and developing institutions new institutions.

At the present time, I would certainly encourage some kind of a minor modification, at least looking at that fair share issue.

Mr. JUNG. Congressman Gunderson, I think that this has been a problem for a long time, the relationship of campus based aid and other aid. On one hand, Congress has encouraged the development of a State and Federal partnership but with major amounts of money, it has kept the delivery system a private one between the institution and the Federal Government.

In the coming years, there is going to have to be some very hard choices made by States and States are still putting in the bulk of the money in support of postsecondary education. And I think it would be a wiser move to allocate dollars to States within some general criteria and then have the States, through their political process, award the dollars to the institutions to insure that statewide educational objectives are at least being considered in the award of funds.

Now, again, I think the politics in doing that are disastrous; but, you know, I hope you'll pardon a bit of idealism.

Mr. GUNDERSON. One of the things I'd like you all to reflect on and to submit to us is some suggestions on possible reform of the whole campus-based program. You've generally moved in that direction of the flexibility that you'd like. But if you'll look at the proposal, Chairman Simon's proposal or the administration's budget recommendation, they're both calling for major changes in the campus-based programs. And I think there's a signal there, that something's likely to happen in this area. Any input you have as to how best to move in that direction would be helpful.

You, Jim, talked a little bit about the nonsubsidized loan program and I'd be interested from all you're perspectives as to exactly who you feel a nonsubsidized loan program ought to be targeted to and under what eligibility criteria.

Mr. JUNG. Well, I think that there's clearly a need for a non-subsidized program to kick in after the $2,500 GSL or the $3,000 GSL is reached, and if there is a Federal guarantee a supplemental pro-

gram could then be cranked into a State program where some subsidy could be provided, either some kind of interest subsidy based on need, or something like that, as long as there's a Federal guarantee and a source of capital and a source of cashflow.

We somehow think that if we provide $2,500 GSL loan or $5,000 GSL loan, we've done the job. And we are just reaching the point where we are only building a half a bridge or three-quarters of a bridge, and even for some, seven-eighths of a bridge, but it doesn't go all the way. And it would seem that we'd all be better off if we'd start focusing on building our programs to do the whole job of financing postsecondary education for all citizens. And I think a supplemental loan program with a minimum of Federal guarantees and Federal subsidies other than the Federal guarantee would be most helpful.

And I think the national association, NCHELP, has a proposal that I would urge your serious consideration of.

Mr. GUNDERSON. Any other comments on that? All right. What about this question:—and Terry, you may want to comment in particular—ought the student financial aid program be for access, choice or both?

Ms. NORMAN. I definitely think it should be for both. I know we have many students who come to Viterbo initially to view the campus who would be much better suited at a small private school than they would be at a large campus. But many times, because of funds, they are not able to do that.

One specific example I may give are the Hmongs that we have in La Crosse now. Many of them have problems with language and with culture and would truly like to come to Viterbo because of the smallness, the personal nature but often are forced to go to the university because of the expense and many of those students really don't want to get into heavy borrowing because of the extreme costs.

Mr. GUNDERSON. Do you have some of those enrolled at Viterbo right now?

Ms. NORMAN. Yes.

Mr. GUNDERSON. You do.

Ms. NORMAN. Yes, and several more coming in the fall, and I've talked to many that would truly like to come, but even with maximum Pell, maximum tuition grant, and perhaps a State grant, they just can't do it.

Mr. JUNG. I take the view that it's for both and it must be for both and I disagree with those of my colleagues that are trying to use the financial aid system to put a club on some private proprietary schools that they are perceiving are operating not as they should or to try to inhibit poor people from attending a high class school. I think the financial aid system should be absolutely neutral always in terms of institutional choice, as it should be neutral in terms of occupational choice.

And that it's up to other agencies of State government and Federal Government to make educational decisions. If a State does not want an institution to operate, it has a law it can make to get that institution out of the business of providing education. If it chooses not to do it, then that seems to be—we just say, too bad, but I don't think we use the financial aid system as a club to reduce access.

If access, if it is desirable for a rich kid to go to a private school, then it's also desirable for a poor kid to go to a private school and I think that's what the financial aid system is all about.

Mr. KINDSCHI. I might add that when we go out and give financial aid presentations, we generally try to when we try to explain the uniform methodology and the application process—which isn't the most easy task—but we try to indicate to the students that once the calculation is made of family contribution, that that is the constant and the difference between that and the costs of the various institutions is the, can be the need and that's what the financial aid is all about. That's what we try to center on.

The problem is, is that as we relay that information, it looks good hypothetically on a nice little chart, but it really is not factual because those students do not have full choice. Because of the restrictions on the programs totally, whether it's campus based because of restrictions on the Pell grant, and obviously the restrictions on the loan programs, students really do not practically have that much flexibility unless they want to forego substantial amounts of indebtedness to get to that possibly higher cost and therefore for a needy student, a more restrictive type of institution.

I certainly would also provide my support that there really is a twofold process, not only access for the needy student but also the choice to go where they feel that it's more appropriate for their educational needs to be met.

Mr. GUNDERSON. Just one final question, and very briefly if you could in your response, I asked this question yesterday and we had some very interesting responses from the financial aid directors, and I'd like to ask you the same question.

We always talk about priorities, what programs are most important to continue increased funding, etcetera. What is the least effective of Federal student financial aid programs so that if we discontinued it, you wouldn't feel all that bad?

Mr. SIMON. Just keep in mind that these words may come back to haunt you.

Mr. JUNG. I've got to live here, Mr. Chairman. I plead the fifth.

Ms. NORMAN. I would say, if I absolutely had to make a choice, I would say that the national Direct Student Loans and nursing Student Loans. We definitely can't do without the grant programs, for obvious reasons, and the college workstudy program for the reasons Curt has cited, and others as well, as a very popular and a very progressive program. I'd like to see funds increased in that program significantly.

Right now, we tend not to give more than 10 hours a week to most of our students because of the funding and we'd like to spread it out. Many of our students could work 15 or 20 hours a week and would rather do that than borrowing $2500 every school year, so that would be my option, if I had to make a choice.

Mr. GUNDERSON. Kurt?

Mr. KINDSCHI. Well, I would certainly go along with that, the comment that Terry mentioned, I think. That the NDSL, the Federal capital contribution obviously that's a very small part of the whole appropriation process, as we all know. We have built up—as long as we can retain our collections, we would certainly be able to relend—use those funds for relending purposes, we would certainly

probably take that particular alternative too, if it were down to an absolute choice.

Mr. GUNDERSON. Thank you all very much. Thank you, Mr. Chairman.

Mr. SIMON. Thank you for being here with your testimony.

Next, we will hear from the adult student in higher education panel, Sarah Harder and Robert Powless.

Mr. GUNDERSON. Mr. Chairman, I also have another request that a statement be made part of the record for Robert Sorenson.

Mr. SIMON. It will be entered in the record.

[Letter enclosing statement of Robert P. Sorensen follows:]

STATE OF WISCONSIN,
BOARD OF VOCATIONAL, TECHNICAL AND ADULT EDUCATION,
Madison, WI, April 6, 1984.

Hon. PAUL SIMON,
Chairman, Subcommittee on Postsecondary Education, Committee on Education and Labor, House of Representatives, Cannon House Office Building, Washington DC.

DEAR CHAIRMAN SIMON: I would like this letter entered into the record of your Subcommittee Hearing in Eau Claire, Wisconsin, April 7, 1984. In general, I am in support of your bill to reauthorize the Higher Education Act. I shall confine my brief remarks in this letter to the Title IV programs. In particular, I support your efforts of the past several years in working to eliminate the half-cost rule in the PELL program. More than any other single factor, this rule unfairly discriminates against our students in Wisconsin schools of Vocational, Technical and Adult Education (VTAE), a two-year public postsecondary system. Although the average cost for a single student living away from home and attending a VTAE school is $4,500, under the half cost rule a student who qualified for maximum benefits in the Pell grant program would receive no more than $1,300.

With regard to the federal student loan programs, I also support your efforts to consolidate them.

The proposed allocation formula for college work-study is of some concern to me. Our VTAE students generally prefer working part-time, and we are chronically short of work-study funds. The current formula tends to continue to reward schools that were in the campus based programs early, and which consequently now receive proportionately more funds. The proposed reauthorization methodology would not entirely resolve this problem, I believe. Removal of the half-cost provision will increase our students' PELL grants and as a consequence would increase our allocation for work-study. If that occurs, then our students should receive a fairer proportionate share, but these changes alone will not fully redress the inequitable distribution of college work-study funds.

Finally, since our schools receive very little under the N.D.S.L., S.E.O.G. and S.S.I.G. program currently, the consolidation to a block grant would not significantly affect us.

May I close by expressing my gratitude to you for your very excellent work in providing a better and more equitable student financial aid program to all students. I sincerely hope that you will be able to continue this much needed assistance in the future.

Sincerely,

ROBERT P. SORENSEN, Ph.D.,
State Director.

Mr. SIMON. Sarah Harder is special assistant to the vice chancellor for educational opportunity here at Eau Claire, and let me add that if there are any two words that we hear from Steve Gunderson more than any others, it's the nontraditional student, so I assume we will may be hearing about the nontraditional student from the group that's up here. Ms. Harder?

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STATEMENT OF SARAH J. HARDER, SPECIAL ASSISTANT TO THE VICE CHANCELLOR FOR EDUCATIONAL OPPORTUNITY, ACCOMPANIED BY PATRICIA A. QUINN, ADULT OPPORTUNITY COORDINATOR, UNIVERSITY OF WISCONSIN-EAU CLAIRE

Ms. HARDER. Thank you, Mr. Chairman. I appreciate the opportunity to testify, not only in terms of my present relationship with the university, but because long before it became the fashionable thing to do, in 1961, I returned to school as a single parent of two preschool children and managed therefore, I think, to speak for myself and my family of two children, I would not otherwise have had, and I hope I've made some kind of contribution which warrants the kind of opportunities given me.

The large influx of older than traditional students to institutions of higher education of course began in the 1970's and has expanded in the 1980's and we expect it to go on in the 1990's. It's really a response not only to changes in individual circumstances such as in my own case, but also changes in the nature of the American economy.

We've seen the services sector emerge as a major support of the American economy and the concurrent leveling off of the growth in the smokestack industries. And we certain anticipate increasing use of technology in production for which the offshore phenomenon of exporting raw materials for production and assembly in Third World countries and all of these have resulted in the need for American workers to retain and/or expand their educational background.

Many of the areas of future job growth lie in white collar level technological fields which simply require postsecondary training as an entry requirement.

The Wisconsin Department of Industry and Labor in Human Relations has projected, in addition, that by 1990, in Wisconsin, the number of jobs will likely exceed the national growth in the labor force. Now that means it's going to be in our State and in our national best interest to train and utilize a new potential of skilled labor pool which the return itself can be felt.

Addressing at the same time both public needs and individual opportunity, makes very good sense. Matching the labor force with underutilized talent pools is a gold policy. It's a good public policy that we followed, when the veterans returned from both World War II and Korea, and in that instance, an issue of fairness was involved as well.

They felt that as a complement—or as compensation—for a contribution in special time of need to the Nation, the individual opportunity, a new opportunity to participate that was going to be an important payback.

Of course, it turned out to be a remarkably good public policy, as many of those veterans moved toward individual and national prominence.

I would make the point that, at this particular time in our economy and our society, we have another underutilized segment, particularly of women, women who, at this point, represent 78 percent of this nation's poor. Women who in many instances began an education in the 1970's or in the 1960's, interrupted that education, did

not finish it, opted out for following other of society's messages, and have discovered heartily, lately, that for one reason or another, circumstances change and they find out they are now sole breadwinners for themselves and their children, there are now, right now in America, over 4 million displaced homemakers. And very clearly, for many of these women, that one single version of the American dream did not follow through; on the other hand, there are many other versions of the American dream, American opportunities that still offer great promise.

And particularly for these women, this is a very good public policy move. With regard to title I, I am going to respond to two proposals; one just divulged by this subcommittee and another presented by Representative Gunderson.

Now, we received only recently a draft which may or may not be the most current but reduced to the significant differences between the two proposals which are now in Congress. A major difference lies in the means proposed for developing and delivering postsecondary opportunities to underprivileged adult learners.

The subcommittee proposal, as I see it, provides a State grant for postsecondary education planning, educational information systems and adult continuing education.

The Gunderson proposal provides for a direct grant to institutions as individual requests for them, for programs designed to improve adult educational systems for a variety of support services for adult learners. There's no doubt in my mind that the proposed Gunderson delivery system will reap greater immediate and long-term benefits for the target population. And thus, I believe, that direct institutional grants is a far wiser investment of Federal funds.

I've served on UW system planning task forces in a number of areas of areas over the past decade, and I've watched with some frustration, this State 1203 delivery system, one project which was doomed to failure because they created an extrainstitutional structure, a new hierarchy which was ineffectual while operating and which withered as soon as the funding died. Further, the programs left no lasting change in the educational institutions which outlived them and outwaited futile external efforts to make any change.

Representative Gunderson's proposal takes the very successful model of the special services project in title IV of the act, and acknowledges that, in order to expand services to underserviced populations, our existing institutions and programs must change. And the most direct way to encourage that change is by direct force in the institutional programs which will generate internally the kinds of change which will meet these accesses.

One modification that I would urge in both proposals is in the flat 3-year limitation on grants. What makes much more sense from both an institutional and a public policy standpoing is to require from the onset, an institutitional match for funding, with the understanding that the institutional commitment will grow as the project develops. Flat 3-year limits on anything have the disadvantage of cutting off the life line for healthy infant programs.

Incremental increases in an institution's support will demonstrate an increasing institutionalization of a program, and will also

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allow the flexibility to sustain, where appropriate, outside support in order to assure that the programs will remain viable and ongoing beyond the funding period.

The Gunderson proposal specifies program areas which our experience demonstrates are critical for expanding opportunities for adult students; I won't list them but I think each of those six areas is perfectly critical.

I'll make two observations about the Gunderson title I proposal; both are aimed at making that proposal more successful by practical recognition of the complexity of the lives in the worlds we operate in. First, returning adult students would clearly benefit immensely from the increased flexibility and higher education programs, which that proposal would encourage. But there are many other traditional aged students, traditional aged students who don't fit at all our 18- to 21-year-old stereotypes about what a student is, who would also be served by these programs.

The program, therefore, should target but not exclude it should not be so rigid as to exclude underserved populations, other ones, who might now be denied access because of work or family responsibilities, or distance or scheduling or financial resources or all of those other things that adult students are particularly subject to.

Second, I think there is a need to recognize that to assist some high need adult students over the reentry bridge may require, initially, a very high level of support services from both inside and outside the educational institution.

For instance, during their return to school, some adult students may need not only the assistance of a special service project with its academic programs and a child care center and a workstudy job, but also AFDC, low-income housing and energy assistance and food stamps. In our experience, this high need period is not only short term, it is amply repaid upon graduation as adult students much more quickly than the norm become rapid participants and contributors in our society.

But conversely, another situation might say that for a given adult student, it might be in their absolute best interest to begin their reentry at levels less than half time and therefore that less than half time financial aid package that's being proposed is very encouraging to us. It's important to provide, in other words, both the necessary flexibility and incentives for students to sustain the extraordinary efforts that are required over the short term for them to juggle multiple roles. It makes no sense to punitively reduce one service, or support, when another becomes available.

And yet, regretably, that often happens. And this is the reason that we support under title IV for instance, that the program eligibility should compute projected as well as past and current income. It's often at the point of severe financial reversal that reentry is sought. And the unresponsiveness of current calculations makes us, as institutions, appear unresponsive and, in some cases, simply discourages or eliminates reentry. And this is also why SEOG is so important to us as an institution in responding to special adult student needs.

In conclusion, I'll emphasize that the good public policy that's implicit in title I, as proposed, and especially in the Gunderson complement, what I would see as a substitute for the subcommit-

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tee's new part A, his proposal encourages further collaborative efforts between educational institutions and Government and private industry. But initiatives built from the ground up, and that's so important, at the local and regional level, where the likelihood for sustained impact remains.

These links and contacts will pay off for adult students also, by building roads to new job placements when they graduate, but this title I complement also builds from the ground up, a productive interdependence of Government, business and higher education, one which is absolutely critical to our Nation's working future.

[Prepared statement of Sarah J. Harder follows:]

PREPARED STATEMENT OF SARAH J. HARDER, SPECIAL ASSISTANT TO THE VICE CHANCELLOR FOR EDUCATIONAL OPPORTUNITY, AND PATRICIA A. QUINN, ADULT OPPORTUNITY COORDINATOR, UNIVERSITY OF WISCONSIN-EAU CLAIRE

ADULT STUDENTS: THEIR PRESENCE IN COLLEGE, THEIR IMPACT ON THE ECONOMY

The post-secondary institutions of education in the United States have witnessed and will continue to witness the growth, numerically and percentagewise, on nontraditional students (women, minorities, older students, etc) among their overall population. By the year 2000, according to Carnegie Council projections, 50 percent of all undergraduate students in the United States will be aged 22 and older, and 52 percent of all undergraduate students will be women.[1] The traditional college-bound group of 18-24 year olds will, by the same time, have declined by 23 percent.[2] Already more than one-third of all college students are at least 25 years old,[3] and now for the first time since the second World War women outnumber men in college in both the traditional age bracket and (especially) in the older student group.[4]

The influx of large numbers of older than traditional aged students to institutions of higher education throughout the 70's and into the 80's and 90's is a response to the changing nature of the American economy. Factors such as the emergence of the service sector as a major support of the American economy and concurrent leveling-out of the growth in the "smokestack" industries, the increasing use of robotics and other technoligical systems in production of goods, and the "offshore phenomenon" of exporting raw materials for production and assembly in a Thrid World countrly have all resulted in the need for many American workers to retrain and/or expand their educational background. Many areas of job growth lie at the white collar level or in technological fields, both areas that require post-secondary training as an entry requirement.[5] Short-term training programs for workers cannot produce the long-term benefits of economic stability, broadened tax base, and increased purchasing power of consumers.

The correlation between a good education and a good job is one of which women have become particularly aware as they have entered the work force in increasingly larger numbers since the 70's. Women's participation in the work force is anticipated to greatly increase throughout the 80's: among women 25-54, the U.S. Department of Labor estimates that 66 to over 70 percent will be working outside the home,[6] and in general the average American woman, whether single or married, will work more than 34 years of her life.[7] Despite increases in their participation in the labor force, full-time women workers earn approximately 60 percent of what men earn. The gap is attributable in part to occupational segregation—in short,

[1] Carnegie Council on Policy States in Higher Education, "*Three Thousand Futures: The Next Twenty Years for Higher Education*," Jossey-Bass Publishers, 1980, p. 54.

[2] Ibid, pp. 37, 42, 43.

[3] "Manpower Comments," vol. 17, no. 8 (October, 1980), p. 26.

[4] "Equal Opportunity in Higher Education," (September 8, 1980), p. 5; "School U. S. Department of Commerce, Bureau of the Census, Series P-20, No. 355 (August 1980), p. 1.

[5] See chart "Industries Projected to Show Largest Increases in Number of Jobs, 1977-1990" Bureau of Labor Statistics, "Employment Projections for the 1980's" U. S. Department of Labor Bulletin 2030 (1979), pp. 32-33.

[6] "The Employment of Women: General Diagnosis of Developments and Issues," U.S. Department of Labor, Women's Bureau (April 1980), p. 4.

[7] Jaqueline I. Fleming and Linda M. Milane, "Help for the Displaced Homemakers," Florida Vocational Journal (April 1980), pp. 17-19. The average male can expect to work for 41 years.

women work in lower paying jobs,[8] consequently, their access to higher wage occupations is in part dependent upon increasing their access to post-secondary institutions of education. This formula involves good public policy implications as it reinforces women's capacity to support themselves and their families and maintain it standard of living. In the United States neaiy two-thirds of all working women are single, widowed, divorced or separated, or have husbands who earn under $10,000 a year.[9] Strengthening the earning power of women by increasing their access to colleges and universities will have many long-range public benefits including a reduction of the number of individuals receiving public assistance and an increase in the number of contributing taxpayers.

INSTITUTIONAL RESPONSE TO ADULT STUDENTS' SPECIAL NEEDS

Beginning in the 1950's colleges and universities in the United States witnessed the first influx of large numbers of older than traditional age students to their campus. This first wave of adult students consisted by and large of veterans of the second World War and Korean War, men whose education had been interrupted by their term of service, and many who needed to combine the completion of their education with job and family responsibilities. Special financial aid was provided by the government to encourage this pool of talented potential students to return; at the institutional level, many colleges and universities initiated evening divisions in which working students could complete degree programs on a part-time basis and at hours that complemented their work schedules.

This initial combination of institutional and federal support for veterans proved successful and beneficial for American society. Institutions of post-secondary education and the federal government now face a different group of adult learners who need increased access to higher education. No less a talent pool than the veterans of the 50's, the current adult students have somewhat different needs from the former group, and though the institutional structures such as evening divisions continue to serve some older students (in those universities where they exist), many barriers still exist for them in a system designed for and focused on young, single, white, and financially dependent students.

Throughout the 70's and into the 80's, a variety of programs created under the Higher Education Act and designed to increase admission and retention of minority and other non-traditional students to post-secondary institutions have benefitted adult students as well. Special Services projects (Title IV, Part A, Subpart 4) that provide programs in academic skills, tutoring, and compensatory coursework in mathematics, reading, composition, and the natural sciences have provided adults the opportunity to acquire the basic skills for college entrance. Many adults when they attended high school never held the expectation of attending college and consequently their high school backgrounds lacked the necessary foundation for college work. Other adults who had pursued academic programs in high school or who had actually attended college for some semesters may have been out of school for ten or fifteen years before returning to the academic environment. The programs of special service projects have served these individuals as well, especially in areas of mathematics and natural science. Returning women in particular demonstrate insufficient preparation in mathematics and the natural sciences, while these subjects form keys to so many promising career fields.

The provision of student financial assistance under the Higher Education Act (Title IV) has provided adult as well as traditional aged students the opportunity to attend college, however, the Supplemental Education Opportunity Grant program (Part A, Subpart 2) has proven especially important for older than traditional aged students. Adult students frequently have higher financial need than their younger counterparts. They are usually financially independent of their parents, may have dependents of their own, and reside off campus. These supplemental funds to the basic Pell Grant award help to meet adult students' greater financial need; their distribution by the financial aid office of the post-secondary institution also allows for a more effective determination of individual need and a more rapid disbursement of funds.

The College Work Study Program (Title IV, Part C) as well has proven beneficial to many adult students who, facing a late entry into the workforce, desire to avoid

[8] "Women in the Labor Force: Some New Data Series," Report #575, U.S. Department of Labor, Bureau of Labor Statistics, 1979, p. 3; "Sneak Preview: 1980 Census," Working Woman (Sept. 1980), p. 74.

[9] "Women at Work: Barriers to Economic Equality," Women Employed Institute (Chicago, 1980), p. 7.

the accumulation of a large debt in student loans. Employment at the educational institution itself provides them with working hours that are compatible with their course schedules, a boon to individuals who usually must integrate domestic, work, and academic responsibilities. Work study positions also reduce the time loss and transportation expenses that off-campus jobs would entail.

The availability of the various forms of financial to part-time students has proven beneficial to adult students, many of whom find it impossible to carry twelve or more credits while working and/or managing a home.

The Education Outreach Programs (Title I, Part B) and the Fund for the Improvement of Postsecondary Education (Title X, Part A) both provided grants for projects that demonstrated innovative or alternative approaches to post-secondary education that met the learning needs of underserved adults. Under such grants, institutions created Counseling centers that recruited returning women and men, addressed adult students' more complex educational backgrounds by developing various mechanisms to evaluate prior learning, and created innovative structures to deliver academic coursework to students living at a significant distance from a campus or to whose job schedule prevented them from participating in traditional semester or quarter-based courses. Finally, many institutions could begin to support campus-based child care facilities that also serve students with young children, a particular need of many returning women, especially heads of households, who otherwise would have had to delay their reentry until all their children were in school.

REAUTHORIZATION OF THE HIGHER EDUCATION ACT

The reauthorization of the Higher Education Act provides an opportunity to assess areas in which various features of the 1965 law can be extended, expanded or changed in line with current and projected demographic features of the United States student population at postsecondary institutions. A series of recommendations follows, some which reinforce proposed amendments of the Congressional Subcommittee on Postsecondary Education chaired by Paul Simon,[10] and others which respond to a bill to amend Title I of the Higher Education Act of 1965 drafted by Representative Steve Gunderson, also a member of the Subcommittee on Post-secondary Education.[11] Still others represent my own suggestions.

(A) TITLE I, PART A

The Subcommittee on Postsecondary Education has recommended a redesign of Title I, Part A, substituting the authorization of Education Outreach Programs for the never funded Commission on National Development in Postsecondary Education.[12] The Education Outreach Programs would authorize state grants in three areas: grants for "comprehensive statewide planning for postsecondary education," for the provision of educational information for both traditional and non-traditional learners, and to carry out adult continuing education programs. The discretionary grant program provides grants for projects designed to demonstrate the effectiveness of alternative approaches to postsecondary education that meet the learning needs of underserved adults."[13] Representative Gunderson's amendment to this section would substitute Special Institutional Assistance to Improve Outreach for the Commission on National Development in Postsecondary Education. The former emphasizes the need to "assist eligible postsecondary institutions to establish programs to enhance the educational oppportunities available to adult learners."[14] It provides six specific foci for states' discretionary grants. These include (1) collaboration of postsecondary institutions with government, private industry and other institutions of higher education in curreulum and program development so that education for adults may be responsive to current employment and economic conditions, (2) improving adult students' temporal and geographical access to academic programs, (3) developing off-campus centers of learning, (4) development and operation of day care facilities, (5) improvement and development of counseling for adult learners, and (6) training university personnel to better serve adult learners.[15]

[10] My remarks refer to the January 19, 1984 document of the Subcommittee on Postsecondary Education that summarizes that committee's recommendations for amending the Higher Education Act of 1965.

[11] My remarks refer to a March 26 Discussion Draft of Representative Gunderson's Bill to Amend Title I of the Higher Education Act.

[12] Subcommittee on Postsecondary Education, p. 2.

[13] Ibid., p. 1.

[14] Gunderson, p. 3.

[15] Gunderson, p. 6.

The Gunderson proposal correctly specifies areas of particular need for development and extension of services to adults. The areas he outlines also serve many traditional aged students with non-traditional circumstances. Thus, it is recommended that his proposal amend and not substitute for the Subcommittee on Postsecondary Education's proposal.

Both the Subcommittee on Postsecondary Education's proposal and the one sponsored by Representative Gunderson recommend discretionary grants to institutions for periods not to exceed three years after which institutions are expected to assume the full cost of operations and staffing such projects.[16] This three-year eligibility limit severely restricts the capacity of some institutions which do not already have a strong basis of programs for adults from developing such. Many institutions that serve small city and rural areas, for example, have not developed programs for adult students as rapidly as urban universities. The adult students and prospective adult recruits frequently do not have the same kind of geographic mobility as their younger colleagues. Jobs and family decrease their ability to travel or move to an institution with services to adults, and the smaller institutions which are located in more immediate proximity cannot afford to take on a wholesale adult program after only three years of development. An extension or possibility to extend this three-year limit for such institutions would increase access to adults in traditionally underserved regions.

Representative Gunderson's emphasis on the establishment of collaborative efforts between the institution and government, private industry, or other higher educational institution is especially appropriate for adult students who are displaced homemakers, unemployed or displaced workers. Efforts should be made to amend the areas of categorical exclusion of students from services and support systems outside the educational institutions. For example, during the period of their return to school many adult students need, for a short term period, a high level of support from public agencies such as AFDC and vocational Rehabilitation, and social services such as outside child care, energy assistance, food stamps, and low income housing. This short term period of high need creates a formidable barrier to adults' reentry since many programs and services, such as those of Title 20, exclude students. In addition, receipt of student financial aid may further reduce instead of supplement what eligibility for outside support services remain. Matching these extramural and intramural opportunities for support during adult students short term period of high need at reentry, instead of keeping them mutually exclusive, is a good investment of public funds and services as it both maximizes adult students' potential to avoid future reliance on public assistance, and enhances their rapid entry into better paying positions in the labor force. A large percentage of adult students have already completed some college when they return and, consequently, the period of high level of support would be significantly shorter than the usual four years associated with undergraduate degree completion.

(B) TITLE 1, ADDITIONAL PARTS

The Subcommittee on Postsecondary Education recommended four parts to Title One instead of the previous two. The first, Part A, has been discussed above. The remaining Parts B, C and D represent changes to the Higher Education Act of 1965 and address respectively Literacy Training, Educational Programs for Correctional Facilities, and Veteran's Cost of Instruction Program.[17] Representative Gunderson's proposal includes three parts to Title I, Special Institutional Assistance to Improve Outreach (Part A), Special Assistance for Off-Campus Programs (Part B), and Research, Demonstration, Training, and Dissemination (Part C).[18]

Some of these proposals have a more direct impact on adult students than others. While there are undoubtedly numerous adults lacking literacy skills in the United States, the placement of this category within the context of the Higher Education Act seems targeted at providing instructional experience to prospective adult students. As described, its placement, therefore, might be more appropriate in Title V: Teacher Preparation or in Title IV: Special Services for Disadvantaged Students, or even Title VIII: Cooperative Education.

Educational Programs for Correctional Facilities need not have a separate category as programs for juvenile and adult offenders could be addressed by the Subcommittee's guidelines of Part A. Part D of the Subcommittee's redesigned Title I ap-

[16] Gunderson, p. 5; Subcommission on Postsecondary Education; p. 1.
[17] Subcommittee on Postsecondary Education, pp. 2–4.
[18] Gunderson, pp. 7-14.

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pears appropriately placed in this category and would continue the tradition of facilitating access of veterans to college and university programs.

Representative Gunderson's redesign of Title I in his Parts B and C again more directly addresses adult students' needs, although again it must be emphasized that traditional aged students with non-traditional circumstances ought not to be excluded from such programs. The Special Assistance for Off-Campus Programs proposes grants to assist institutions in establishing programs to overcome the geographic barriers of adult students from rural areas by "development and use of technologically oriented delivery systems using interactive computers, radio, television, teleconferencing, video-disc, print, or any combination thereof."[19]

Such programs and materials would prove valuable not only to adult students facing geographic barriers to campuses but also to those whose jobs and responsibilities generate temporal barriers. For example, persons like health care workers or some factory employees whose shifts revolve or salespersons who travel constantly on the job are excluded from traditional coursework by the nature of its scheduling. Media and technological innovations in curriculum delivery can make lectures available in outlying areas and also to persons with irregular work schedules.

When designing programs that aid off-campus students, however, institutions must do better than simply designing high tech correspondence courses. Off campus students lose a particular dimension of the educational experience—the collegiality of peers, the mentoring of an instructor, and the long range benefits of potential recommendations, work referrals, and career advice that can develop from such relationships. They also lack many of the informal structures that can maintain students' momentum to finish coursework and degree programs. To enhance retention rates of students who face geographic and temporal barriers to campus coursework programs ought to incorporate site visits by academic counsellors and administrators as well as faculty. Media should involve interactive capacities and programs should also incorporate the delivery of advising services and the capacity to register and purchase materials from afar.

As in Part A of Title I the limiting of grants to support such programs to three years may hamper exactly those institutions in closest proximity to rural populations. Three years is an extremely short period during which to effectively establish and market a non-traditional program, as well as to refine the program's delivery systems, develop its materials, and train its staff. Smaller institutions would not be able to assume wholesale such programs, especially if they had not begun to generate institutional resources.

Part C of the Gunderson proposal for redesigning Title I addresses the need to develop and demonstrate innovative outreach methods for adults whose preparation for college is hampered by inadequate basic, functional academic skills. The Special Services Projects under Title IV Part A have already demonstrated success in this area. It appears more appropriate therefore to reemphasize this need under the Title IV section of the Act (Part A, Subpart 4).

TITLE IV: STUDENT FINANCIAL ASSISTANCE

Title IV contains two particular sections where changes would improve the access of adult students to institutions of postsecondary education. It has already been mentioned that SEOG funds have proven particularly beneficial to adult students because of their typically higher need for financial assistance at reentry. The Subcommittee on Postsecondary Education's proposal to restructure the current five separate Federal student assistance programs into three, simplify the application process, and increase the degree of institutional discretion over disbursement of funds serves adult students on all counts. In addition, if the determination of Pell Grant eligibility would include projected as well as past earnings of persons seeking enrollment, many adults could be served. A significant proportion of returning women students seek to return to school upon divorce, desertion, death or disability of a spouse. Their family's past earnings alone do not accurately reflect their financial situation. Many men and women also return to school after losing their job. For displaced workers, those whose jobs were in areas of decline, face a sharp drop in income and require retraining before their return to the workforce can be an effective one. The current guidelines of qualifying for Pell basic grants do not address this reality.

The second area of Title IV which has proven most beneficial to improving adult students' access to colleges and universities is that section dealing with Special Programs for Disadvantaged Students. The Special Services (TRIO Programs) have

[19] Gunderson, pp. 7 and 11.

served adult students well, though the funding limitations of the past three fiscal years, by causing staff and hours reductions in many programs, have threatened access to critical counseling services, academic skill programs, tutoring, and compensatory coursework of which adult students are heavy users. Expansion of programs in math and science prove especially important to returning women students, whereas returning males frequently require programs in composition and reading. In addition, adult students increasingly face a new gap in their basic skills preparation for college: high school and even elementary students are acquiring competency in the use of computers. When these traditional aged students arrive at college their preparation for various modes of computer-assisted instruction is already complete. Adult students, because of their age, never had this kind of preparation, (as many other minority students from poorer schools and families) and need to build this new "basic skill" before their participation in postsecondary coursework can be complete.

Eligibility for participation in Special Services Programs could be increased by reexamining the basis of low income qualification. If, as in the case of Pell Grants, income status could include projected yearly as well as past income, more adults could qualify for grant participation.

TITLE VIII: COOPERATIVE EDUCATION

The benefits of a cooperative education experience to any student are well known. Students experience the benefits of practical application of theory within a professional environment. The financial benefits of a coop experience are typically above those of the federal student aid programs. Students acquire work credentials to match their academic ones, a tremendous advantage upon graduation when seeking full-time employment.

Cooperative education has all too frequently proven inaccessible to many adult students. Unless a student attends an urban college or university, many adult students cannot take advantage of this opportunity because they cannot leave their families. A large number of coop opportunities in the past have been in departments or majors where women, much less returning women students, have been underrepresented, such as schools of engineering. It is recommended that incentives be provided to institutions that seek to develop cooperative education programs with local businesses and industries, and to expand the variety of coop opportunities to areas besides engineering and business that demonstrate economic growth.

This development of local coop opportunties provides benefits for adult students, but it also generates a variety of potential linkages between institutions and the broader community. Employers realize savings in recruitment and training costs, and witness their local institution's direct contribution to the quality of the community's labor force.

CONCLUSIONS

The reauthorization of the Higher Education Act of 1965 provides many opportunities for increasing access to older than traditional age students. To optimally address the issue of access for this new student population, however, it must be emphasized that the circumstances of adult students' reentry will frequently entail short-term periods of high need for financial assistance and support services that are available outside the educational institution. To prove most effective, the Higher Education Act's provisions must work in conjunction with, not in opposition to, other programs of public assistance such as the Department of Social Services, AFDC and DVR. This short-term investment in this pool of talented individuals is good public policy. It will produce in a relatively short period of time long-term, well educated workers whose ability to support themselves and their families provides lasting economic and social benefits to their communities.

In addition to coordinating linkages with public sector agencies, institutions of postsecondary education further contribute to their surrounding community's development and economic stability by encouraging curriculum development and cooperative education programs with private businesses and industries. Institutions hasten their adult students' employment upon graduation, increase such students' potential to repay educational loans, and directly enrich the quality of the labor force in the surrounding area. Such programs also provide the beginnings of additional linkages whereby private industry and business can enrich college and university life and postsecondary institutions can broaden the range and quality of their public service commitments.

Mr. SIMON. We thank you, very much.

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President Robert Powless, of Mount Senario College, could you give us a 60-second background description of Mount Senario College, too.

STATEMENT OF ROBERT E. POWLESS, PRESIDENT, MOUNT SENARIO COLLEGE, LADYSMITH, WI

Mr. POWLESS. Mount Senario College is an independent 4-year nondenominational institution in northwestern Wisconsin that, as my testimony indicates, has, as one of its major missions, to serve educationally underserved populations in that area.

We have about 25 percent minority enrollment out of our full-time student population, about 18 percent American Indian. We are truly, I think, an independent college in the sense that we haven't been able to get a title III grant for the last couple of rounds. So, we've become even more independent than we sometimes want to be.

We are located in a very small community of about 4,000 people in the county seat of Russ County where the population of many of the large cities in Wisconsin are bigger than the population of our county, and so we, I think, are in a very unique place to do some unique things in higher education, which we do.

[Prepared statement of Robert E. Powless follows:]

PREPARED STATEMENT OF ROBERT E. POWLESS, PH.D., PRESIDENT, MOUNT SENARIO COLLEGE, LADYSMITH, WI

At Mount Senario College currently, 47 percent of our 481 head-count student enrollment is over 22 years of age—with 52 percent of women students in that category—87.2 percent of our 94 American Indian student head-count enrollment is also over 22 years of age. While our independent institution is unique in its mission to serve educationally-underserved populations in rural Northwestern Wisconsin, it seems clear that college populations are getting older. This implies that certain basic principles be a part of any Higher Education Legislation as it requires that attention be paid to such things as:

1. Student assistance grant allocations that take into consideration the factors of previous debt, family size, day care (especially for the single parent family) and many other areas of expense not normally associated with the more traditional student.

2. Continuing choice as well as access for the "adult" student. A non-traditional student, especially if also a Minority student, tends to do better in a more personalized learning environment. As broad a range of institutional choices as possible must remain available to enable these students to best recognize their educational potential.

3. Retention of the individuality of assistance programs to better enable institutional Financial Aid Packagers to meet the often more specific needs of "adult" students, or to at least insure that the flexibility built into currently proposed legislation becomes a reality.

At MSC we had 404 students in 1983-84 who qualified for need-based financial aid with an average need per student of $5,785 ($2,377,308). Two sources of aid pertinent to this discussion are:

Federal grants:	
Pell	$469,408
SEOG	80,111
BIA	91,828
Total	641,347
Loans to students:	
NDSL (45)	$59,350
Out of-State GSL (43)	101,023
State Direct GSL (74)	149,833
Wisconsin Banks GSL (186)	374,313
Total	684,579

About 32 percent of our students received aid in loans. The average loan per student was $1,863. You will note that the total amount of aid received in loans exceeded the amount received in Federal Grants.

If one multiplies the $1,863 by four years, the average debt burden per student is $7,452. Since "adult" students, especially many Minorities, will need 4½ ($8,383) or 5 years ($9,315) to accomplish their academic goals, this burden increases proportionately. It is obvious, then, that this debt burden (due to factors noted previously) weighs heavier on the non-traditional student. Models need to be studied, as legislation is re-written and re-authorized, that will enable this burden to be alleviated.

At our institution, as at many others, the College Work-Study Program is another significant component of the Student Financial Aid picture. With 74.4 percent of our full-time students on Work-Study, it will be imperative that available dollars be such that we can set-aside ten percent of our allocation for less than half-time students without short-changing those going full-time. A special Congressional allocation of W-S money above and beyond current amounts which would be earmarked for less than half-time students would be most helpful to postsecondary institutions.

In summary, to benefit the "adult" student, legislation must be specifically attuned to their unique academic and funding needs, must emphasize "choice" as well as "access" and provide for relief of the debt burden that many of these students now face. The benefits of such enlightened legislation will be a better educated and trained "mature segment" of American society who will ultimately be making greater contributions, both tangible and intangible, to our country's growth and prosperity.

Mr. SIMON. Thank you.

Mr. POWLESS. I want to say that I'm pleased to be here with Sarah because both of us are used to, she as a woman and I as an American Indian, are used to having the papercups when others have glasses.

At Mount Senario College, currently, 47 percent of our 481 head count student enrollment is over 22 years of age, with 52 percent of our women students in that category: 87.2 percent of our 94 American Indian student head count enrollment is also over 22 years of age. Now, as I indicated, while our independent institution is unique in its mission, to serve educationally underserved populations in rural northwestern Wisconsin, it seems clear that, in general, college populations are getting older.

This leads me to list, out of many things I could have listed, the three items that you will see in my written testimony: No. 1, I think is particularly important and has been brought out before in other testimony this morning, that there are many other areas of expense for the nontraditional student or adult student, whatever term is appropriate, that are not normally associated with the more traditional student.

It is important that as you revamp higher education legislation that these areas of particularly different expense are included in student assistance grant allocations.

Second, and I think this is particularly important, the idea of continuing choice as well as access for the adult student, the nontraditional student, especially also a minority student, tends to do better in a more personalized learning environment. We don't know a lot about, you know, why education works I think or how it works, but this is one of the things that we do know.

So that means to me, at least, that as broad a range of institutional choices as possible must remain available to enable these students to best recognize their educational potential.

And then, the third thing that I have listed simply has two key words involved, and that is, individuality and flexibility. As far as the ability of our financial aid packagers to meet the often more specific needs of adult students. At Mount Senario College right now, we have about 404 students who qualify for need-based financial aid with an average need per student of $5,785. The two sources of aid that I would like you to relate that to this morning are the Federal grants and the loans to students.

Through Pell, SEOG and BIA grants, this year, we have been able to support students with $641,347. Through NBSL and GSL loans, we've been able to assist them to the tune of $684,579. You will note that the total amount of aid received in loans exceeded the amount received in Federal grants; 32 percent of our students received aid in loans; the average loan per student was $1,863.

Now, if my math is correct, you'll notice that this is a tremendous debt burden, it seems to me, over 4 years, and since many nontraditional students, especially minority students, will need let's say 5 years to accomplish their academic goals, this burden increases proportionately. It is obvious, then, that this debt burden weighs heavier on the nontraditional student.

Models need to be studied and perhaps developed as legislation is rewritten and reauthorized that will enable this net burden to be alleviated. At our institution, as at many others, the college work-study program is very, very important. 74.4 percent of our full-time students on the workstudy, it would be imperative that available dollars be such that we can set aside 10 percent of our allocation for less than half-time students without shortchanging those who are going full time. And obviously, if you give us a lot more money, we can deal with that better, right?

In summary, to benefit the adult student, legislation must be specifically atuned to their unique academic and funding needs. It must emphasize choice as well as access and provide for relief of the debt burden that many of these students now face. The benefit of such enlightened legislation, will be a better educated and trained, what I like to refer to as mature segment of American society, who will ultimately then be making greater contributions, both tangible and intangible, to our country's growth and prosperity.

Mr. SIMON. Thank you both, very much. It is interesting looking at your figures, and I gather Mount Senario College is not eligible for any tribally controlled funds at all?

Mr. POWLESS. No, it's not.

Mr. SIMON. It was founded by whom, for whom?

Mr. POWLESS. It was founded by the Order of the Servants of Mary in 1962, which makes it then very difficult of course to go to our rich alumni for money because we don't have any rich alumni yet. They haven't made their mark in the world. After about 6 years, the order turned the college over to a lay president and lay board and we've functioned as an independent, nondenominational school since then.

The mission however, that the Sisters gave to the college to carry on was, at least in part, related to the rural population in which we are located, and the American Indian population because, of course, we sit in the heart of Indian country. And so, those are the

people who we are supposed to be serving. Most of our white students, for instance, are students who would be first generation college students from their families, and so their expectations and in some cases their preparation for college is different than perhaps in other parts of our State and country.

Mr. SIMON. Your division, and it's very interesting to see the grants and loans division, and I don't recall any other witness doing that for us, it really reflects what is happening. A little more than a decade ago, 80 percent of Federal assistance was in the form of grants; now that is at about a 48 percent, 48 percent with 4 percent from a variety of other college workstudy and other programs.

But that does leave a real burden on the students; in fact, it is so much of a burden, that a lot of students from families of limited income don't want to assume the burden and don't go on to college. And that's one of the reasons for our shift.

Let me ask both of you this question: We have right now under SEOG an undercollege workstudy, we say, up to 10 percent of these funds can go for the part-time student. We will continue that in this bill under college workstudy, and under the blockgrant, which in a sense is an expansion since the blockgrant is an expansion from SEOG. Is that figure a realistic figure or should we be looking at a different percentage figure?

Ms. HARDER. From our standpoint, it is, but I think we have to agree that we are still, at UW–Eau Claire, a quite traditional higher educational institution. The proportion of both part-time students and older students here is lower than it is at most UW systems schools. I would urge, frankly that, again, the flexibility be allowed, recognizing that in most instances, the part-time status is a status that is elected only when it is the only choice available and it has, in most instances, for the students that we deal with, been a relatively short-term part of that—but very critical part—of that student's reentry experience.

As soon as they are able, one way or another, to marshal the resources, whether they are support resources or financial resources, they move into a full time status but it, frankly, in many instances makes the very best sense for a person on a first opportunity to take a critical one course or maybe just one course, and along with that course, to get the kinds of support service that will allow that person to be off and running in the following semesters.

Mr. POWLESS. I would say, I would emphasize again the one word that Sarah used, and that is flexibility. I think that is extremely important in all of these programs. If we are going to better serve the nontraditional student. I think, however, let me go back to my point that I made earlier, and that is that we are already running out of work-study money before the semester is over; that's happened to us in the first semester, and it's going to happen to us this semester. We are going to have a real shortfall of work-study money, and so we can't deal now with the students who we would like to have on work-study; we can't package them completely as we'd like to, with work-study money.

And so, it's going to be very difficult, I think, for many institutions to be able to, even though they would really like to, use 10, 20 whatever percent for part-time students, and so, I think that has to be taken into consideration. Now, I think that you'd have to get

much more broader range of information on that, but as I said, in our situation, we just cannot make as good a use of our work-study money as we'd like to make now.

Mr. SIMON. So that, in your situations, changing that figure would not be a significant thing for either one of you?

Mr. POWLESS. I can't really, from my point of view, I can't really see that it would, yes.

Ms. HARDER. I might just mention that of the 980 women older students that we had, which was slightly over half of our older student population, 600 plus, almost 700 of them, were part-time students. The part-time student norm here tends to be from 6 to 9 credits and so most of those students, in other words, are currently eligible. But, once again, I think it's important to recognize that there's a critical number of those students who are really foreclosed from the possibility, simply because what they carry in the way of academic apprehensions, coupled with financial apprehensions, may simply make them decide not to start.

Mr. SIMON. Mr. Gunderson.

Mr. GUNDERSON. Thank you Mr. Chairman, and thank both of you for very good testimony. Sarah, I suspect that you've read this, but for the benefit of everyone in the audience, I'd like to read the definition of the adult learner we put in the bill and would like to get your response to it.

An adult learner means an individual first, who by reason of his or her personal circumstances, including age, marital status, position with regard to dependent children, lack of or need for new employment skills, desires to pursue a new career, or subsequent reasons, is not a traditional student and second, who engages in some form of structured post secondary study to improve his or her knowledge, information, skills, or employment opportunities.

Do you think that's a proper definition; is it——

Ms. HARDER. It certainly is comprehensive and it does seem to provide flexibility and that's, I think that's what both Bob and I were arguing for. I think, I guess, the thing that I like about that very much, is that it acknowledges that age is not the only factor; that may put one into a category, but is very nontraditional with regard to the rest of the student population. I think that's the key.

Mr. GUNDERSON. Any comment?

Mr. POWLESS. I would second that. I think that it is very important to understand that, and I use an example I am most familiar with, that an American Indian student who is 18 or 19 years of age, may very well be a nontraditional student and, therefore, the broader the definition, I think the better off those students are.

Ms. HARDER. We used to, in the special services project, have a requirement that we considered only youth and that was a little tough for us to deal with because, very frankly, the adult students were often those of whom most needed some of the services that we had to offer. We figured out ways to serve them, but the fact was that it was an exclusionary kind of category, and it seems to me that we are not well served nor is public policy well served by creating that kind of exclusionary category.

Mr. GUNDERSON. I want to make sure I understood correctly; you said that we should, that our program should target, but not exclude the traditional student, not exclude others?

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Ms. HARDER. Yes. Essentially, I think what I am doing is confirming that the kind of description you have of an adult learner, is the kind of thing that we should move toward, and in the actual creation of programs, what we should say to institutions is, insofar as the student fits a profile, that student should be encouraged to utilize this, because one of the problems is, our problems in higher education is, that we built most of our programs with just a single dimension in mind. And to the extent that we want all of our programs now, finally, to be flexible enough to accommodate the variety of populations that we hope will enter in through them, we are not ever well served by saying that a student who gets this service must be thus and thus.

And, as a matter of fact, for our own special services program, here locally and our lab will testify, I'm sure to that, we have felt our students were ill served by the movement of the strict first generation combination with a much more rigid economic criterion, because there are many other students that have educational disadvantagements that do not fit in that category.

Again, we figured out ways to serve them, but it's important, I think, to urge an institution to open up—we do that through our institutional funding—but its important to encourage an institution to open up all of its programs as much as possible.

Mr. GUNDERSON. How would we compute projected as well as present income—any suggestions there?

Ms. HARDER. How do you compute projected? Well, I think if—it seems to me that it's relatively possible within short term limits if, for instance, someone is newly widowed and a salary is suddenly gone, I think you know what it will or won't be. Under most divorce settlements, or even interim separation settlements, there's a financial dimension that can be computed from the very beginning.

One of the realities, and I think one reason this is so important, we've discovered that in the average year, first year after a divorce, the average male's income goes up 41 percent; the average female's income goes down 73 percent.

That shows that critical first year which, again, may be the very best year for her to initiate a reentry is one where last year's financial ballgame has no relevance whatever.

Mr. SIMON. If my colleague would yield. There, I have to say, you have touched on a real problem. I am concerned about our getting into a can of worms on projected income. It seems to me maybe another possibility is some kind of a waiver where, in unusual circumstances——

Ms. HARDER. Yes, good. That would work very well.

Mr. SIMON [continuing]. Then we won't get into this whole business of people estimating what their income is and we come back and maybe this is something we can look at.

Ms. HARDER. Yes; that's right.

Mr. GUNDERSON. OK, just one final question to both of you. A couple suggestions for the nontraditional student regarding the Pell Grant have been, No. 1, that we extend the Pell Grant eligibility beyond 5 years. Do you agree or disagree with that?

Ms. HARDER. I agree because, as I have told you, at least the majority of our female adult students are part time students. That tells you, taking even two-thirds of the ordinary student load, that

it's going to take them longer to finish. And that may be in the very best interest of their families and their future possibilities, and it seems to me that as long as we have, in place, on campuses and I'm convinced we do in financial aid offices, the kinds of mechanisms and in our academic program and academic progress requirements, oversight that would make sure that it isn't abused. I encourage it.

Mr. POWLESS. I would like to answer that in two ways: one by saying that I would of course like to defer until I see how it would be worded, alright? But second, let me say that many of our nontraditional students, and the reason that they are at our college, is that through our outreach teaching on reservations and in even smaller communities than ours in northwestern Wisconsin, a student starts out by taking one course, let's say, per semester. And then, they suddenly realize, I can actually do this; I can actually do college work, and then they take a couple more in the summer, and then pretty soon, they come to school full time. Now, I think it's important then, that there be ways of being eligible for certain kinds of grant money when, obviously, it's going to take you then, on that basis, a longer period of time to complete your educational objective. And I think that that could be that the extension of Pell eligibility could be very beneficial in that regard.

Mr. GUNDERSON. Thank you both very much

Mr. SIMON. If I can ask Mr. Powless one more question. What's the endowment of your school?

Mr. POWLESS. I wish that I had Bob Gibbons' $1 million endowment; we have for the kinds of purposes that endowments are usually used for, we have zero endowment. And we have a $100,000 that we count as an endowment that we use exclusively for student aid purposes. We have no other endowment.

Mr. SIMON. So the endowment provisions of this proposal would be very significant for you?

Mr. POWLESS. Yes.

Mr. SIMON. Well, we thank you both, very very much. Next, Ann Lapp and Marilyn Meisenheimer on special programs. Ann Lapp is the director of the Educational Opportunities Office here at the Eau Claire campus and we will hear from you first. Ms. Lapp?

STATEMENT OF ANN M. LAPP, SPECIAL SERVICES DIRECTOR, UNIVERSITY OF WISCONSIN-EAU CLAIRE

Ms. LAPP. Thank you. I think Marilyn and I feel a little bit like your cleanup hitters because what we'll talk about will dovetail very closely with I think what you've heard from other speakers.

I represent the special services project at Eau Claire and I would like to concentrate my comments to TRIO funding and particularly to special services program. If you will look at the written testimony that I have provided, you will see that I have listed——

Mr. SIMON. Can you hear her back there? Can you pull that mike a little closer—I'm not sure which mike is—OK.

Ms. LAPP. Is that better? OK. I've never been accused of not being heard before. [Laughter.]

OK, as I was saying, one of the things I have provided for you is a list of special services projects in the State of Wisconsin and I,

just in overview, we are fortunate enough to have 21 special services projects in Wisconsin at a total funding level of close to $2 million to serve approximately 4,500 students.

If you would turn to page 6, my format this morning will be to try to show you first of all that I think we can be very proud of the results and the successes of these programs; my second purpose will be to show you that the student need is extreme if not increasing; and my third purpose will be to talk specifically about the bills that have been proposed to help these students.

If I would go back then to the success of special services programming, I would like to look at that in some key areas, first, in terms of access; second, in terms of retention; and in terms of academic progress of students and finally and most importantly in graduation rates.

As all of us are aware, the purpose of these programs is to provide educational opportunity for students who would probably, under normal circumstances, be denied that education and one of the things that we are trying to do at campuses such as Eau Claire, is bring in students and give them an opportunity to succeed. And I think one of the problems that special services programs have had throughout the country is that they have been viewed as programs primarily to serve only those campuses or community that have a strong minority population and usually that has been stereotyped as black.

While that is true, and certainly that's a mission, I'd like to point out that at Eau Claire, for example, 90 percent of the entering freshman of the 1982 and 1983, 1983 and 1984 classes revealed that we had two-thirds of our students who were in low income first generation or physically handicapped groups. Statistically, we also know that over half of our students are first generation.

So we are reaching out to those students and we are bringing them to our campus. I think the real question is, once we get them to our campus, our we being successful in terms of retention and in terms of academic progress and in terms of graduation. We are trying to stop that revolving door that you heard Chancellor Swanson refer to. On the top of page 7, I would like to refer specifically to some national statistics that show that, indeed, special services projects do have an ability to keep students in school. From the Systems Development Corp. document, we see that 2.6 times more special services students were retained at their first year of college than students who did not receive those services.

Also, you will see that Eau Claire, consistent with the national success rate, Eau Claire Special Services Program has achieved a student retention rate of 48.8 percent of all project participants after four semesters. This is really significant, I think, when you compare that to the fact that prior to special services, a UWEC retention study determined an attrition rate of over 50 percent after only one semester.

So clearly, I think once we get the students here, we provide services which makes it possible for them to stay here. Now, once they stay here, the next question is, do they succeed? If you would look on page 8, we have tried to demonstrate that by showing specific objectives that we've measured in terms of basic skills. It is our belief that if we have a student with strong basic skills, that

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student has a good chance of succeeding in high-quality college class work.

If we look at our mathematics objective, our objective was to raise the mathematics skills of 80 percent of the retained project participants to a level essential for completing the initial math course required by their school or major with a grade of C or better by the end of their third semester.

We achieved that with a 92.7-percent rate.

In terms of basic writing skills, our goal was to raise the composition skills of 80 percent of the retained project participants to a level essential for completion of an initial composition course required by the university with a grade of C or better by the end of their second semester.

We succeeded again with 83.6 percent.

And our reading objective, stated objective, was to raise the reading skills of 80 percent of the retained project participants to a level essential for completion of courses with concentrated reading assignments with a grade of C or better without special assistance, so, as you can see, what we're trying to do is bring a student in and give him a sound skill development component and then they must obviously be able to go on and complete on their own. This was again achieved with 83.3 percent.

Another focus that we use to demonstrate success is to look at the graduation rate. And during the 1982-83 grant year, 144 special services participants were scheduled to graduate or to complete their academic program at UWEC. At the conclusion of that grant year, 88 percent or 127 had graduated or completed that.

We are successful. I think your dollars are being well spent. I wish that we had more of them because my next section is that we have a lot of students that we're not serving who are eligible students using the Federal eligibility requirements; also students who are in need.

If you would look on page 9, if we look only—and I'll try to be brief here—at low-income or first-generation students who needed services for the 1982 and 1983 academic year, 1,466 and 1,530 students, respectively, met 1 or more of the grant eligibility requirements. If you look at the chart in the center of that page, again, you will see, that in 1982, 66 percent of the entering freshman class and in 1983-1984, 65.5 percent were eligible. Our project is currently capable of serving 450 low-income and first-generation students; that's about one-third.

We also ask, again, Chancellor Swanson beautifully explained from his campus have a high need to help the disabled and physically handicapped student. While we do not have as large a population of students as Stout does, our population has increased five-fold in the last 3 years.

Another need that we're very aware of is the need to provide services so that students are retained and are graduated, and if you again, look at the chart on page 10. I'm very pleased with this chart because I think what it manages to do is show you that, when you have a student who is low income, first generation, physically disabled, you also have a student that often has an inability to succeed without support services.

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If you would compare on that chart, for example, the mean of the entire freshman class for just high school percentile, if you go across, you'll see how that drops significantly for a student that comes to us from a low-income family or a student that is first generation. If you'll look at ACT composite, you will see the same.

If you'll look at ACT math and English, you'll see the same. So, what we're saying is that students who come from these situations, low income, first generation, or physically handicapped, they clearly need services.

One last factor that sharply increases the need to help students, is the fact that campuses are faced with the cry to raise standards and we are doing that. Now, when standards are raised, that becomes obviously demanding for all students, it becomes increasingly demanding for disadvantaged students. When budgets are stringent, as they are with campuses across the country, it becomes easy for campuses to put the priorities of the disadvantaged students who clearly do cost money to educate, at the bottom of that priority list. And I think without the assistance from the Federal Government, you will see that priority going lower and lower.

In summary, then, I think special services programs do succeed; their retention rate, their academic progress, their graduation rates clearly prove that these students not only belong in college, but that they do succeed in college. We are effectively advancing educational opportunities because of the flexibility—and that's a word I've heard many times this morning—the flexibility in this current special services regulation allows us to target those such as ethnic minorities, adult learners, veterans, women, and students disadvantaged by family background.

I think Sarah was referring to that when she was very happy with the Gunderson proposal that allows us to take the same delivery system and use it for that emphasis. I think it is also clear that current student needs exceed program resources. It is not uncommon for us to have a waiting list for students awaiting to get into our program. Their eligible; they have need; they have to wait for the time to come when they can be either enrolled in that class, get that specific help from the academic skills center. And what's happening then, is that we have a student of very high need sitting there waiting until the student has really gained entrance to the campus, I would argue that they've really gained access to education.

I have one concern with bill H.R. 5240. Except for that one concern, I strongly support it; I think it is going to assist campuses in helping to meet student needs.

My one concern is aimed specifically at the regulation which states, "The Secretary shall give priority to institutions who's applications demonstrate a significant minority enrollment and a disproportionately high dropout rate."

I've three reasons why I find problems with this: No. 1, I think student aid has historically been viewed as assistance to students, not institutions. I think students in all categories need assistance, not only minorities.

My second line of argument is that I think we have a real inconsistency here with philosophy. Philosophically, special services programings espouse a mission aimed at retention and graduation. I

see the new proposed guideline as it states, rewards programs who have failed to achieve high retention and graduation rates. What I see happening is that we are going to fund the programs with low retention rates, disproportionately high dropout rates as is stated, and not reward programs that are succeeding with students.

I also am concerned, quite frankly, that I think this is going to become another way of economically segregating students. I think that the effect of this proposed guideline if accepted, would be to limit educational choices for students, all students including minority students have traditionally been encouraged to select from the full range of academic programs at whatever school they need to attend in order to achieve their goals.

The aim is to allow any qualified individual regardless of family income, to have the opportunity to attend the college of his or her choice, whether it is public or private. And I think if we proceed to follow this regulation, what we will be doing is to encourage students to go to those campuses that have the support services that they need. And if we give those support services to the campuses that have failed, I question whether we are going to be sending them to quality educational institutions.

This concludes my testimony. I strongly urge you to continue to include a strong Federal partnership to provide educational needs for all disadvantaged students.

[Prepared statement of Ann M. Lapp follows:]

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PREPARED STATEMENT OF ANN M. LAPP, SPECIAL SERVICES DIRECTOR, UNIVERSITY OF WISCONSIN-EAU CLAIRE

We appreciate the opportunity to submit testimony discussing the accomplishments and concerns of Special Services Programs for Disadvantaged Students. Recognizing the major educational decisions which we face in the coming months, we are confident of your commitment to provide qualified individuals, regardless of family income, ethnic background, or physical disability the opportunity to attend college.

PURPOSE OF SPECIAL SERVICES

While focusing on targeted students enrolled or accepted for enrollment at the host institution who are from low-income families and who are among the first generation in their families to attend college or who are physically handicapped, a three-pronged purpose aims at achieving quality postsecondary education. Purposes are: 1) access for qualified individuals; 2) special supportive services essential for student retention and graduation; and 3) development and training options for project staff.

STATE OF WISCONSIN - SPECIAL SERVICES PROGRAMS

Information compiled for the 1983-1984 grant year by J. Vance, Associate Director, Special Services Program at University of Wisconsin-Stevens Point verifies that the State of Wisconsin has received awards for 21 Special Services Projects at a total funding level of $1,886,590 to serve 4,533 students at a cost per participant of $416. A national comparison identifies 641 Special Services Programs awarded for 1983-1984, serving 150,300 students at an average per student cost of $446.

Wisconsin Special Services Programs for 1983-1984 are as follows:

Alverno College	Institution		
Special Services Project	Program	Funding level	32,123
Sister Marlene Neises	Director	Students served	91
3401 South 39th St.	Address	Congressional district	4th
Milwaukee, WI 53215			
414-647-3900	Phone #		

Beloit College	Institution		
Special Services	Program	Funding level	31,667
Elissa Goldberg Belle	Director	Students served	84
Beloit College	Address	Congressional district	1st
Beloit, WI 53511			
608-365-3391	Phone #		

Lawrence University	Institution		
Special Services	Program	Funding level	31,667
Charles Lauter	Director	Students served	90
Sampson House	Address	Congressional district	8th
Appleton, WI 54911			
414-735-6530	Phone #		

Marquette University	Institution		
Special Services	Program	Funding level	166,584
Sande Robinson	Director	Students served	225
1217 West Wisconsin Ave.	Address	Congressional district	5th
Milwaukee, WI 53233			
414-224-7593	Phone #		

Milwaukee School of Engineering	Institution		
Special Services	Program	Funding level	81,924
Donald Ashby	Director	Students served	100
1025 North Milwaukee St.	Address	Congressional district	5th
Milwaukee, WI 53201			
414-277-7261	Phone #		

Northland College	Institution		
Special Services	Program	Funding level	127,160
Stuart Lang	Director	Students served	373
1411 Ellis Ave.	Address	Congressional district	7th
Ashland, WI 54806			
715-682-4531 Ext. 239	Phone #		

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Ripon College — Institution
Special Services — Program
Jerry Thompson — Director
Ripon College
Ripon, WI 54971 — Address
414-748-8107 — Phone #

Funding level 36,470
Students served 84
Congressional district 6th

UW-Center System (Cong. Dist. #6) — Institution
UW-Baraboo Campus (Cong. Dist. #2) — Program
UW-Rock County Campus (Cong. Dist. #1) — Director
UW-Waukesha Campus (Cong. Dist. #9) — Address
Phone #

Funding level 174,442
Students served 240
Congressional districts 1,2,6,9

UW-Baraboo Campus — Institution
Special Services — Program
Sam Lind — Director
UW-Baraboo
Baraboo, WI 53913 — Address
608 584-5511 Ext. 171 — Phone #

Funding level
Students served
Congressional district 2nd

UW-Rock County Campus — Institution
Special Services — Program
Kurt Eisenmann — Director
3900 Kellogg Ave.
Janesville, WI 53545 — Address
608-755-2818 — Phone #

Funding level
Students served
Congressional district 1st

UW-Eau Claire — Institution
Special Services — Program
Ann Lapp — Director
Library 2058
Eau Claire, WI 53701 — Address
715-836-4542 — Phone #

Funding level 124,965
Students served 550
Congressional district 3rd

UW-Stevens Point	Institution		
Special Services	Program	Funding level	111,713
Jim Vance	Director	Students served	250
203 Student Services Center	Address	Congressional district	7th
Stevens Point, WI 54481			
715-346-3828	Phone #		

UW-Stout	Institution		
Special Services	Program	Funding level	104,013
Susan Stori	Director	Students served	350
104 Ray Hall	Address	Congressional district	3rd
Menomonie, WI 54751			
715-232-2995	Phone #		

UW-Superior	Institution		
Special Services	Program	Funding level	82,809
Reilly O'Nalloran	Director	Students served	244
1800 Grand Ave.	Address	Congressional district	7th
Superior, WI 54880			
715-392-8101 Ext. 293	Phone #		

UW-Waukesha Campus	Institution		
Special Services	Program	Funding level	
Janet Brown	Director	Students served	
1500 University Drive	Address	Congressional district	9th
Waukesha, WI 53186			
414-548-5620	Phone #		

UW-Whitewater	Institution		
Special Services	Program	Funding level	114,411
Jesse Hargrove	Director	Students served	165
118 McCutchan Hall	Address	Congressional district	1st
Whitewater, WI 53190			
	Phone #		

UW-Green Bay — Institution
Special Services — Program
Stan Rickert — Director
2420 Nicolete St. Room 1929 — Address
Green Bay, WI 54302
414-465-2671 — Phone #

Funding level 140,219
Students served 300
Congressional district 8t

UW-La Crosse — Institution
Special Services — Program
William E. Campbell — Director
Wilder Hall - Academic Skills Center — Address
La Crosse, WI 54601
608-785-8535 — Phone #

Funding level 98,188
Students served 350
Congressional district 3r

UW-Milwaukee — Institution
Special Services — Program
Gary Williams — Director
Garland Hall — Address
Milwaukee, WI 53208
414-963-5598 — Phone #

Funding level 102,173
Students served 250
Congressional district 5t

UW-Oshkosh — Institution
Special Services — Program
Allen McCormick — Director
Box 185 Dempsey Hall — Address
Oshkosh, WI 54901
414-424-1310 — Phone #

Funding level 112,647
Students served 400
Congressional district 8th

UW-Platteville — Institution
Special Services — Program
Rosemary Mueller — Director
451 Gardner Hall — Address
Platteville, WI 53818
608-3[illegible]-1817 — Phone #

Funding level 118,000
Students served 200
Congressional district 3rd

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Viterbo College	Institution
Special Services	Program
Lori Lee Rabhan	Director
815 South 9th St.	Address
La Crosse, WI 54601	
608-784-0040 Ext. 420	Phone #

Funding level 95,414
Students served 187
Congressional district 3rd

While the State of Wisconsin has historically allocated substantial resources to ensure the availability of quality educational opportunity to all citizens, a partnership between State and Federal resources has been necessary to support strong programming.

OVERVIEW OF SPECIAL SERVICES PROGRAMMING AT UWEC

Special Services Programs have an established record of integrity and quality. Typical of these achievements are UWEC's success in the critical areas of access, retention, academic progress, and graduation.

Access Focus

While the nation's number of students who annually receive baccalaureate degrees continues to rise, proportionately the number of barriers to degree attainment for disadvantaged students continues to increase. As Representative Paul Simon, Chairman of the House Subcommittee on Postsecondary Education, urged, "It is important to our national character that we resist the tide that is pulling us toward an income-stratified system of higher education."

As a regional campus that has historically extended its boundaries to all citizens and a campus proud of its high student academic profile, the fact still remains that two-thirds of the entering freshman class are eligible for Special Services programs. Data collected from over 90% of the entering freshmen for the 1982-1983 and 1983-1984 classes reveals that of the entering freshmen two-thirds are in the targeted groups of low-income, first-generation, and physically handicapped.

Retention Focus

A major concern for today's leaders and educators centers on the problem of high college attrition rates for disadvantaged students. Once access has been gained, the question of what must be done to assist and support the learner toward graduation is of great concern.

Special Services programs have developed curricula, coping strategies, and skills development with proven records of accomplishment. A recent study

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conducted by the Systems Development Corporation documents that students who received the full range of Special Services--counseling, tutoring and basic skills instruction--are 2.6 times as likely to complete their first year of college as students who do not receive these services.*

Consistent with the national success rate, UWEC Special Services programming has achieved a student retention rate of 48.8% of all project participants after four semesters. This compares to the overall student body retention rate of 52.8% after four semesters. Prior to Special Services, a UWEC retention study determined an attrition rate of over 50% after one semester for students in the bottom half of their high school class.

STUDENT RETENTION RATES: COMPARATIVE DATA
Special Services Retention and UWEC Over-all Retention

Semester of Student Enrollment	Special Services Retention at UWEC*	UWEC Over-all Retention Rate**
2	85.9%	68.2%
3	63.1%	NA
4	48.8%	52.8%
5	40.1%	NA
6	39.8%	48.7%
7	40.0%	NA

* Source: UWEC Registration Office
** Source: UW-System Central Administration

Clearly, Federal allocations to the Special Services Program have resulted in significant increases in retention rates for disadvantaged students.

Academic Progress Focus

Basic skills competency is a requirement critical to retention and graduation. Lack of essential basic skills dictates academic failure, limits access to career options and impacts on low-income disadvantaged students who view a college degree as a route to upward social mobility and a measure of personal attainment.

There is a need to provide academic instruction and support in such critical areas as mathematics, composition, reading and study skills. This need occurs at the same time that colleges and universities are experiencing economic hardships. Federal dollars awarded to Special Services programs assure that opportunities for compensatory and developmental instruction are available to disadvantaged

* *The full report is available from Robert H. Banis, Department of Education, Postsecondary Programs Branch, 400 Maryland Avenue, SW, Room 4122, Washington, D.C. 20202.*

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students. Special Services awards also ensure that an academic advisor will assist students who have identified deficiencies in basic skills. Finally, Special Services assists faculty and administration in the recognition that compensatory and developmental instruction is an essential part of the university's responsibility to assist disadvantaged students.

Academic Progress Objectives

UWEC Special Services 1982-83 performance report illustrates the program's ability to assist student basic skills development in three key areas: mathematics, composition, and reading.

MATHEMATICS OBJECTIVE: The stated program objective was to raise the mathematics skills of 80% of retained project participants to a level essential for completing the initial math course required by their school or major with a grade of C or better by the end of their third semester.
Results: 92.7% of the students received a grade of C or higher in the subsequent mathematics course: Math 110.

COMPOSITION OBJECTIVE: The stated objective was to raise the composition skills of 80% of retained project participants to a level essential for completion of the initial composition course required by the university with a grade of C or better by the end of their second semester.
Results: 83.6% of the students received a grade of C or higher in the subsequent English course: English 110.

READING OBJECTIVE: The stated objective was to raise the reading skills of 80% of retained project participants to a level essential for completion of courses with concentrated reading assignments (humanities and social sciences) with a grade of C or better without special assistance by the end of their fourth semester.
Results: 83.3% of enrolled students received a grade of C or higher in courses with concentrated reading assignments by the end of their fourth semester.

Competencies in basic skills are developed by Special Services programming. Thus, the student is provided with the necessary skills to function effectively as a college student.

Graduation Focus

During the 1982-1983 grant year, 144 Special Services participants were scheduled to graduate or to complete their academic program at UWEC. At the conclusion of that grant year, 127--or 88%--graduated or completed their academic program.

Federal dollars for Special Services Projects have been a good investment. Programs have demonstrated their ability to increase access, improve retention rates, support academic growth, and ultimately to graduate disadvantaged students from postsecondary institutions.

NEED

The proposed reauthorization act recommends increased funding for TRIO programs. This is based on program success and the fact that nationwide less than 10% of the eligible low-income students are currently served. An even smaller percentage of the eligible physically disabled students at the post-secondary level are being served.

At UWEC the need for expanded Special Services programming is demonstrated by the number of eligible disadvantaged students in need of services, the volume of academic and advising needs of these students, and the increased university graduation requirements students must fulfill.

NUMBER OF ELIGIBLE DISADVANTAGED STUDENTS

Low-income, first generation and physically handicapped students constitute the pool of disadvantaged students eligible for Special Services programming.

Low-Income and First-Generation Students in Need of Services

For the 1982 and 1983 academic years, 1466 and 1530 students respectively met one or more of the grant eligibility requirements. The following chart shows that this is approximately two-thirds of the freshman class.

Number & Percentage of New Freshmen for 1982-83 and 1983-84 Academic Years Eligible for Special Services Program by Low-Income and First-Generation Status

Academic Year	New Freshmen Completing Form	Both Low-Income and First-Generation	Low-Income Only	First-Generation Only	Total Meeting One or More Eligibility Requirements
1982-83	2225/100%	570/26%	[illegible]/8%	709/32%	1466/66%
1983-84	2336/100%	618/26%	160/7%	752/32%	1530/65.5%

The critical problem facing UWEC's Special Services Program is that funding levels support only 450 low-income and first-generation students. Clearly there is a staggering unmet need.

Physically-Handicapped Students in Need of Services

An unduplicated count identified 235 physically-handicapped students currently enrolled at UWEC during the 1982-1983 academic year. Currently, Special Services dollars can support only 50 disabled students, less than 1/4 of those identified. Over the past seven years, the need for services for disabled students at UWEC has

increased five-fold. To a large degree, this is explained by the successful mainstreaming of disabled students at the secondary education level. Many disabled students now realize that a college education is a realistic goal. Nationwide, The Chronicle of Higher Education reported in February, 1982, that 5.8% of college freshman had disabilities.

ACADEMIC AND ADVISING NEEDS OF DISADVANTAGED STUDENTS

The special academic needs of disadvantaged students are dramatically demonstrated on the following table showing high school rank and test score data for the Fall 1983 entering freshman class and the 1983 freshman selected for participation in the Special Services for Disadvantaged Students (SSDS) Program.

Comparison of the Mean High School Rank and Selected Test Scores for Fall 1983 Entering Freshman Class and Fall 1983 SSDS Freshman Project Participants

Measure Used	Mean for Entire Freshman Class	Mean for Both Low-Income and First-Generation Freshmen	Mean for Low-Income only Freshmen	Mean for First-Generation only Freshmen
High School Percentile Rank in Class	70.53	54.51	55.25	56.18
ACT Composite	21.11	15.95	17.48	17.46
ACT Math	20.5	14.48	16.57	17.21
UWEC English Placement Test	563.4	486.8	477.6	496.9

Source: Registrar's Office, Fall 1983

Clearly, low-income and first-generation freshman project participants have weaker academic backgrounds than other freshman entering UW-Eau Claire. Recognizing the weak academic backgrounds of these students, the retention and academic success noted on page 8 is even more impressive.

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INCREASED UNIVERSITY GRADUATION REQUIREMENTS

Consistent with national trends, UWEC has reviewed and revised graduation requirements. This has been done to strengthen academic programs and insure quality and excellence of the university's degreed students.

These requirements make the demands of gaining a college degree at UW-Eau Claire more rigorous for all students. For disadvantaged students, who frequently come to campus with weak high school and academic backgrounds, the need for special programming is critical. With campuses across the country struggling within diminished budgets to meet the needs of all students, over-pressed resource dilemmas must not be balanced on the backs of disadvantaged students. Sound Federal programs can provide institutions vital resources which counter this reflex behavior. Without efforts especially targeted for disadvantaged students, the temptation will be great to raise university graduation requirements without providing disadvantaged students the means to achieve them.

Special Services programing is based on the belief that equal opportunity in postsecondary education is a valuable means of encouraging individual growth and productivity. While most colleges and universities recognize the needs of disadvantaged students, it is impossible to provide essential services without Federal assistance.

SUMMARY

I. Students in Special-Services Programs do succeed. Their retention rates, academic progress and graduation rates prove that disadvantaged students not only belong in colleges, but that they succeed in colleges.

- Support services available under current regulations allow for the flexibility required to provide the combination and range of services needed for academic achievement (instruction, counseling, advising, tutoring, and support services for the disabled learner).
- Training and development options currently authorized assist Special Services staff in serving disadvantaged students.

II. Effectiveness in advancing equal opportunity has been demonstrated by Special Services Programming.

- Student eligibility regulations provide the flexibility required to focus on low-income, first-generation and physically-handicapped students.
- Student eligibility regulations provide the flexibility required to focus on target groups in need of services: ethnic minorities, adult learners, veterans, women, limited English-speaking students, and students disadvantaged by family background.

III. Current student need exceeds Special Services Programming Resources.

- Resources from federal, state and local sources do not meet student need. In fact, over the past years of level-funding (a decrease in real dollars), the ability to meet student need has eroded.
- Students who need services are often placed on a waiting list due to lack of resources. While these students have gained "entry," they fail to gain "access" to educational opportunity.

IV. Special Services Programs serve educational needs in a cost-effective manner.

- The average annual cost per student is \$446 nationally and \$416 in the State of Wisconsin.
- In actuality, projects regularly exceed the number of participants that they were contracted to assist. Therefore, the real cost per participant is even lower. (i.e. UWEC has exceeded the funded number in each of the last three years.)
- A fully-contributing citizen who achieves upward mobility with a college degree provides tomorrow's society a valuable resource.

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RECOMMENDATIONS

AMEND AND EXTEND THE HIGHER EDUCATION ACT OF 1965 AS PROPOSED BY HR 5240.

A Federal, State & Local Partnership Must Continue

The need for services is not debatable. The success of Special Services programming has been documented. The academic and economic state of higher education in America is unquestionably in a crisis. With these conditions the impetus afforded by a strong Federal, state and local partnership is necessary to meet the challenge.

Rationale:

1. The Federal government must play a strong role if educational opportunity is to be available to qualified students in all economic levels of our society. Universities and colleges increasingly face economic hardships, shrinking enrollments and calls to strengthen graduation requirements. Pressured by these realities, institutions predictably assign low priority to disadvantaged students. The nation's postsecondary institutions need the continuation of a strong Federal role to meet this challenge.

2. Increased levels of funding are necessary to provide additional resources required to meet the large student need. As more disadvantaged students see postsecondary education as a realistic goal, the need for support will continue. This is particularly evident for Black, Hispanic, physically-handicapped and adult learners.

3. Prior experience points reward successful, existing Special Services Programs while promoting continuity, stability and cohesiveness. The credibility and investment campuses afford to federally funded programs is enhanced by the knowledge that the Federal government takes seriously its commitment to program efforts.

4. Current regulations provide the necessary flexibility to assist campuses in meeting the needs of their unique special populations. At UWEC, the low-income, first-generation, adult learner, and rural student are large service users.

LIMITATIONS OF PROPOSED HR 5240

The only major limitation with HR 5240 as proposed is the regulation which states, "The Secretary shall give priority to institutions whose applications demonstrate a significant minority enrollment and a disproportionately high drop-out rate."

Rationale:

1. Special Services aid has historically been viewed as assistance to students, not institutions. Students in all categories--not only minorities--need support.

2. There appears to be a blatant inconsistency in the proposed guideline and the basic program philosophy. Philosophically Special Services Programming espouses a mission aimed at retention and graduation of disadvantaged students. The new proposed guideline as stated rewards programs who have failed to achieve high retention and graduation rates. Funding priority is not given to programs with proven student impact.

3. The effect of this proposed guideline, if accepted, would be to limit educational choices for students. All students, including minority students, have traditionally been encouraged to select from the full range of academic programs. The aim is to allow any qualified individual, regardless of family income, to have the opportunity to attend the college of his or her choice, whether it be public or private.

Mr. SIMON. Thank you very much. Marilyn Meisenheimer, director of Upward Bound of the University of Wisconsin–La Crosse.

Ms. MEISENHEIMER. Yes.

Mr. SIMON. We're pleased to have you with us.

Ms. MEISENHEIMER. Thank you very much.

STATEMENT OF MARILYN MEISENHEIMER, DIRECTOR OF UPWARD BOUND PROJECT AT UNIVERSITY OF WISCONSIN-LA CROSSE

Ms. MEISENHEIMER. Thank you very much. I'm excited to be here; I'm especially excited to be here because what I have to say today is a big thank you to you as representatives of the Government; I am thrilled to be part of Upward Bound—it's a miracle program.

How often can people say that about a Federal program?

You know, it's a program that's set up to find capable people and make them more capable—instead of looking for people who are already chemically addicted or dropouts—we look for children who are in school and doing reasonably well, and then we say, let's give you a hand and help you do better. Well, it's a wonderful program to be a part of.

I am not going to read my testimony and I'm not even sure that what this amounts to is a summary so I hope you'll have a chance to look at it and I know it will be put into the Federal record, so——

Mr. SIMON. Right.

Ms. MEISENHEIMER. What I do want to address is, does this program work? is it sufficient? and I guess I will also begin with, Do these children really need the services? I guess we can't take that for granted and I'd like to prove it to you.

Briefly, I will mention a few statistics that are included in the testimony; I have a few charts and I will just summarize. The first chart deals with the nine schools we serve in our 50-mile radius of La Crosse. What I have there is dropout rates. I am comparing the dropout rates of the poverty level students with the dropout rates of nonpoverty level students. And what you will see is that poor students drop out at a rate that is 8 times the rate of other students dropping out.

Is there a need for the program? I think there is no question about it.

Then, does it work? Well, I need two charts to show you that. The second chart looks at the postsecondary enrollment rate of poverty level students and nonpoverty level students—these are the ones who do stay in school and do graduate—those children from poverty level homes enroll in postsecondary education at a rate that is 3 to 6 times lower of that of other children.

However, in our Upward Bound project, we have our students who graduate from high school enrolling in postsecondary education at rates that are 3 to 6 times higher than their counterparts who are not aided. In fact, what has happened is that we have equalled and in some cases exceeded the postsecondary enrollment rate of normal students at the public schools. We are successful. Our numbers are small. Our program is small. We are only enter-

ing our fifth year. This year, we think we will have eight seniors graduating—so when I talk about percents, it's kind of funny.

It's easier for me to talk about Ann and Tom than percents. Next year, though, we could have as many as 20 graduates. Our program is growing. Pretty soon, I can use percents without feeling foolish. And I think I've just brought myself to what I really want to talk to you about. To use statistics, I can use national statistics but you've got that stuff; I want to talk to you about kids.

I'm picking up from Mr. Powless who said, you know, when you're talking about nontraditional students, and I hope you'll permit me to say that my students are nontraditional, never mind that they are in high school, they are poor. Twenty-five percent are minority that we have; we have American Indian, we have Humong; we have students with learning disabilities—but all of them are poor. And we have to work with individuals all the time; otherwise we make no impact.

So I'm going to talk to you about a few of the students. I'm going to talk to you first about Ann—and more about her principles. Ann was one of our summer students in our summer program which is 6 weeks on campus and mostly academic and she was our valedictorian. We were very proud of the young woman. Broken home, family fights—she was the only kid who was still there on Friday nights and no one had showed up to get her; her life was a mess. She was our valedictorian.

Of course, the family moved and she went to a new high school, and in her senior year, she was scheduled into shop; she was scheduled into home economics; she was scheduled into an art class; she had only one academic course—it was government and it was required. Well, I went to the principal and I mentioned that she was our valedictorian and that really she had had algebra but not geometry and could she take English literature, you know, standard for seniors, and he said to me: "She's a girl; she's from a poor family; she's not going to college; I will not change her schedule."

I want you to know that there are parts of the country where this still happens; I'm working in that part of the country. Our kids need help.

Ann did graduate from high school. I will say that in her senior year, she took a first in forensics and a State; she also had first prize in an interior decoration and architectural design project, again at the State. But she did not go on to college. She now lives in La Crosse and she cleans peoples' homes.

I'll tell you about some happier stories. Let me tell you about Ed.

Now Ed's from a poor family—both parents work in a factory, one that is known as a sweatshop—in La Crosse. He didn't want to do that but he had no idea what he wanted to do. He wasn't a very good reader but he was pretty good at math. He couldn't think what you'd do with that; he certainly didn't want to go to college.

Well we had him in the summer program to make up a few credits and one of the things we do is a job shadowing program and it includes seminars at the technical institute, of going out to be with professionals in the community. He took a 2-day course of computer programming and you know what happened, he began teaching the course—he knew more than the teacher in terms of how to reach the other students in class. He is now a high school graduate

and is in his second semester at Western Wisconsin Technical Institute; he is the outstanding student in computer programming in his year. He will have a successful career. That was Upward Bound.

Let me tell you about Janet. An American Indian student, she's in the top 10 percent of her class; she's a senior this year. We got her last year. You can even say, does this kid need academic support? Well, let me tell you what Janet's plans were. She was going to be a secretary. Not only was she taking chemistry and accounting and trig, but she was also taking shorthand and typing and in her senior year, she was going out to be placed in cooperative education in the community as a secretary—that's what she thought she should do.

We had her to our summer program; we took her to the State legislature; she spent a morning with one of the legislators; we took her to Control Data Corp.; we had her meet some women who were in fact business executives; we gave her a couple of courses too and she lived on campus. She's entrolled at UW-L for next year; she's a candidate for two scholarships; I don't know—I can't report she's got them but she is a candidate—yes she needed us; yes, she'll be at the university; I think she'll need support services there. Because even with her very high grades, she only has a 17 on the SATS which is just like your data.

She's going to need support, but she'll get it and she's going to make it through. This is what the program is all about.

The next question is, is it sufficient. Well, of course there's never a program that's sufficient, right? So you know what I'm going to say. I'm serving nine schools; I have requests from three other schools in our area, supposedly in our target area we have all the schools but I can't service them all, begging us. One of the teachers said, "every student at our school is eligible for your program; we can't get anyone to go on to postsecondary education, it's a farm community."

They have no models; their families have lived there for years; they never come to La Crosse; they've never seen the university. How can they even think about it? Well, they don't think about it. And they don't really take precollege courses because they don't—it doesn't make any sense in their lives.

I have no more money. We have a program in place that could be expanded but I don't have the money to do it. In fact, next year I will have to—I'm a three-member staff, besides me there are two other people—otherwise we work with university students and we hire some teachers in the summer, but there's a three-people staff. It will be two next year because I can't afford to keep my academic career coordinator; that will cut down some of the personal attention our students get.

I will keep the components of the program going. We tutor this year twice a week after school, and in each school. Next year, it will be once a week.

I think it's important to know that. This program works. I think we can keep it working; if there are any—if we don't start increasing at a little higher rate or getting some outside support and our university is supportive, just with normal cost increases, we're

going to have trouble continuing to serve the students that we do serve.

It is a wonderful program. This should not wither on the vine. And I guess, I guess, I want to mention this almost in conclusion, almost in conclusion—one of the teachers we hired last year said—he's the head of his teachers' union and had bargained for years for teachers' salary—said to me, "How did you reach this salary?" because he was aghast. I said, "Well, I took how much money I had and divided it by the number of teaching positions I wanted and that's it."

"Oh." But he taught for us for a whole summer and he's going to college now, so he won't be back. He said it's an ideal teaching situation. The teachers in the area feel as frustrated at not being able to reach the poor kids as the kids are frustrated in school.

The schools can't do this because it takes—we have classes of 8 to 10 maybe 12 kids in the summer—a school can't do that. But the kids need it; we see the changes. How can a school do it? Our program can do it. Thank you.

I think I'll close with one more story and one thing for you to think about. When I think about the program, I think especially of a girl who was a senior when I first came to the program. And we started talking about what she was going to do after graduation. She had a B-C average. She didn't love school; and she was going to go out West and be a waitress in a resort with the hope of working out to be restaurant manager.

You know, that used to happen in our country but that's not real likely anymore. So I suggested that there were degress in restaurant-hotel management. Stout in fact has second best in the country from what I've heard; maybe it's No. 1 now.

She didn't know that. The next week, she said, do you know more about that program? So I gave her a brochure. And the week after, she said, is there anyway I could go up and visit? So I took her and both of her parents—who asked if they could hitch a ride—up to Stout. She enrolled the day we went. She's now in her second year and the only complaint she has is, I like the hard courses—some are too easy. When I think about Upward Bound, I think about her.

Are there problems in the program? Well, of course not enough money, and because we can't serve enough children but that's standard. The best things about the program are the flexibility and the ease of reporting. In this program, they are built in. Each project is supposed to fit it's locale so that my program doesn't look like the program at Marquette, which is an excellent program, so is ours. They fit the place; I think that's brilliant.

The reporting is simple; I think that's brilliant. The requirements on who we can take are restrictive so slightly that I would never complain about it; you have to have some parameters. In fact, I think I'm happy now that we can have some—66 percent of poor children and the others don't necessarily have to be—although we have 82 percent from poverty level homes because we feel that that's our own mission—but it's nice to have that option to make that decision.

I feel the biggest problem in the program is not exactly in the authorization but is in the things we look at to measure success. I

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have suggested, in my written testimony, that longitudinal studies be made. I don't know if it comes from you all or where that would come, but to look at what happens to these children afterward. Means you have to look at them not just the year after graduation from high school, but it means you have to look at them—oh, I'm going to make up—15 years let us say—they may start school, they may drop out, they may start school later.

Are they in better jobs than their parents are in? Have they more stable home lives? One summer we found out that all 50 of our kids had been abused or had witnessed abuse in their homes. Poverty and alcoholism and so forth often go together. We were in shock. I didn't—for all my years of teaching, I hadn't expected that—but I—so there are lots of things to look at over a long period of time. So far, we don't look at them; all we look at are the easy things we look at—grade point averages, you know—grade point averages don't tell us what the program is doing.

Did a child, who previously was afraid to be with anybody different, anybody who wore a suit, anybody who had a degree, has that child now, as an adult, found himself or herself able to go between classes in society? That's a great success.

And we need to learn how to look at those things. And that's the only thing that I would say, if anything can be done to set up a group to figure out ways to evaluate compensatory programs, I think it would be brilliant; I think it would help us learn more about how to make them successful.

Thank you.

[Prepared statement of Marilyn Meisenheimer follows:]

PREPARED STATEMENT OF MARILYN MEISENHEIMER, DIRECTOR OF UPWARD BOUND PROJECT, UNIVERSITY OF WISCONSIN-LA CROSSE

In the United States, we believe in strong people, in powerful people operating at the fullest extent of their power for their own good and for the good of the nation. And we know that knowledge is power.

Therefore, we have developed an institution of public education that makes knowledge and its concomitant power accessible to all. In theory, the institution of education encourages social mobility and productivity within society. In practice it does not always work that way.

The reason for both the successes and the failures of the education institution is people. People participate at all levels, fully or not fully, enthusiastically or apathetically. How people participate determines the success or the failure of the institution, the system, the country.

In 1965, recognizing the institution of public education as good, but the participation in it as less than perfect, members of our government developed and supported a program called Upward Bound. Its goal was to increase wholehearted participation in our system of education by traditionally disempowered young people. By doing that, it was hoped Upward Bound could break the cycle of poverty that held so many in its orbit. In 1984, Upward Bound continues to serve both individuals and the country by bringing able youngsters fully into the system of education.

With federal monies and institutional support that always includes in-kind services and sometimes includes cash support as well, projects across the country identify high school students within their target areas who have the ability to study and pursue careers but, who, because of a combination of factors including poverty, lack of educational background in their homes, minority status, rural isolation, inadequate public schools in their area, or lack of belief in their own capabilities, are unlikely to realize their full potential. These young people are invited to participate in an Upward Bound Project. If they decide to participate, they get the kind of support, encouragement, information, cultural experience and academic skill development and advancement they need to be able to realize their potential within our system of education.

Is the Upward Bound program successful?

Yes.

How do we know?

Statistics tell part of the story. Individual stories tell the rest.

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STATISTICS:

The UW-La Crosse Upward Bound Project serves nine schools. Counselors in those schools have statistics about the percent of students that graduate, the precent of students that enrolls in post-secondary education and the approximate percent of students living at or below poverty.

The same counselors were able to estimate the percent of students at or below poverty that drop out of high school and that go on for post-secondary education. For the data see figures 1 & 2.

Upward Bound draws students from all nine schools. Figures for high school graduation and for enrollment in post-secondary courses of education for the last two years and an estimate for this year follow in figure 3.

These charts demonstrate that the students from poor families have a disproportionate drop-out rate when compared with their wealthier counterparts. Low income students drop-out at an estimated rate that ranges from 3.4% to 25%, while the rate for the rest of the students range from .1% to 3.3%. The charts further indicate that when students from poor families do graduate from high school they go on to post-secondary education at much lower rates than do students from wealthier families. The low income students estimated rate of enrollment in post-secondary education ranges from 10% to 30%, while the rate for the rest of the students ranges from 35.6% to 87.7% Obviously, there is a need for an auxiliary program to help these young people be effective in the public system of education.

Although our project is very new it had had two graduating classes. Figure 3 summarizes our success. The numbers are low, the percents are high. As we reach our stable maximum the numbers will increase while the percents remain close to the same. In 1984 we anticipate a graduating class of eight, six of whom, or 75%, are already accepted in post-secondary institutions. Our 1985 class has 23 students in it now. Some will move away and a few may decide they are too busy for Upward Bound in their senior year. We anticipate a graduating class of about 18 of whom 60-70% will go on to post-secondary education.

Our rates of post-secondary enrollment is favorable compared to public school rates. Upward Bound students enroll at a 60-70% rate while comparable public school students enroll at a rate of 9 to 24%.

Chart 1

Proposal [illegible]
UW-La Crosse

DROPOUT RATES AT TARGET SCHOOLS

CENTRAL HIGH SCHOOL

	Total Student Population	Low-Income Student Population	Student Population Less Low-Income
Dropout Rate	1665	198	1467
	5%	25%	2%
# of Drop-out Students	82	49	33

DESOTO HIGH SCHOOL

	Total Student Population	Low-Income Student Population	Student Population Less Low-Income
Dropout Rate	287	85	202
	4%	10%	1%
# of Drop-out Students	11	9	2

HOLMEN HIGH SCHOOL

	Total Student Population	Low-Income Student Population	Student Population Less Low-Income
Dropout Rate	577	87	490
	3.3%	12.5%	1.6%
# of Drop out Students	19	11	8

LOGAN HIGH SCHOOL

	Total Student Population	Low-Income Student Population	Student Population Less Low-Income
Dropout Rate	922	167	825
	5%	25%	.5%
# of Drop out Students	46	42	4

ONALASKA HIGH SCHOOL

	Total Student Population	Low-Income Student Population	Student Population Less Low-Income
Dropout Rate	720	50	670
	3.4%	3.4%	3.3%
# of Drop out Students	24	2	22

SPARTA HIGH SCHOOL

	Total Student Population	Low-Income Student Population	Student Population Less Low-Income
Dropout Rate	798	121	677
	4.2%	9%	3.2%
# of Drop out Students	33	11	22

TOMAH HIGH SCHOOL

	Total Student Population	Low-Income Student Population	Student Population Less Low-Income
Dropout Rate	999	189	810
	4.8%	10%	3.6%
# of Drop-out Students	48	19	29

WEST SALEM HIGH SCHOOL

	Total Student Population	Low-Income Student Population	Student Population Less Low-Income
Dropout Rate	384	175	209
	3.3%	6.7%	.1%
# of Drop-out Students	13	12	1

LA CRESCENT HIGH SCHOOL

	Total Student Population	Low-Income Student Population	Student Population Less Low-Income
Dropout Rate	760	200	560
	3%	6%	2%
# of Drop-out Students	23	12	11

Population figures are from the Departments of Instruction in Minnesota and Wisconsin, 1982. Percents are estimates by school counselors at each target school.

Chart 2

Correction
Proposal P047AH30043
UW-LaCrosse

ENROLLMENT IN POSTSECONDARY EDUCATION

CENTRAL HIGH SCHOOL	Total Student Population	Low-income Student Population	Student Population Less-low Income
	1645	198	1447
Postsecondary Education Rate	34.3%	24%	35.6%
Number of Students	564	48	516

DESOTO HIGH SCHOOL	Total Student Population	Low-income Student Population	Student Population Less-low Income
	287	85	202
Postsecondary Education Rate	60.4%	15%	51%
Number of Students	116	13	103

HOLMEN HIGH SCHOOL	Total Student Population	Low-income Student Population	Student Population Less-low Income
	577	87	490
Postsecondary Education Rate	61.5%	20%	69%
Number of Students	355	17	338

LOGAN HIGH SCHOOL	Total Student Population	Low-income Student Population	Student Population Less-low Income
	932	200	732
Postsecondary Education Rate	34.3%	9%	41.3%
Number of Students	316	18	298

ONALASKA HIGH SCHOOL	Total Student Population	Low-income Student Population	Student Population Less-low Income
Postsecondary Education Rate	720 62.6%	50 10%	670 66.4%
Number of Students	450	5	445

SPARTA HIGH SCHOOL	Total Student Population	Low-income Student Population	Student Population Less-low Income
Postsecondary Education Rate	798 79%	121 30%	677 87.7%
Number of Students	630	36	594

TOMAH HIGH SCHOOL	Total Student Population	Low-income Student Population	Student Population Less-low Income
Postsecondary Education Rate	999 45%	189 15%	810 52%
Number of Students	449	28	421

WEST SALEM HIGH SCHOOL	Total Student Population	Low-income Student Population	Student Population Less-low Income
Postsecondary Education Rate	384 52.2%	90 12%	294 64.3%
Number of Students	200	11	189

LA CRESCENT HIGH SCHOOL	Total Student Population	Low-income Student Population	Student Population Less-low Income
Postsecondary Education Rate	760 67%	200 15%	560 85.5%
Number of Students	509	30	479

Chart 3

University of Wisconsin-La Crosse

Upward Bound

1982	1983	1984	1985
Graduating Seniors Number: 5	Graduating Seniors Number: 6	Anticipated Graduating Seniors Number: 8	Anticipated Graduating Seniors Number: 18
Post-Secondary Enrollment Number: 3 Percent: 60%	Post-Secondary Enrollment Number: 4 Percent: 66%	Post-Secondary Enrollment Number: 6 Percent: 75%	Post-Secondary Enrollment Number: 12 Percent: 66%

INDIVIDUAL STORIES:

Wanda grew up in an alcoholic family on welfare. She lived in a trailer court on a muddy street with no name in a rural town. Her family is frequently in legal trouble and at one point was local front page news for a week. By all reckoning, Wanda was fated to follow the family pattern. When she entered Upward Bound, she was grossly overweight, friendless, and on the verge of flunking out of high school. Her intellectual ability on tests was low. After three years in Upward Bound, Wanda has become outgoing. She has lost weight and entered a beauty pageant where she was chosen Miss Congeniality by the other contestants, has graduated from high school, and has enrolled at the Western Wisconsin Technical Institute where she is now in her second successful semester in the foods program.

Myra, tattooed and tough, was on probation and in counseling. After years of petty thievery and truancy, she had forged a check and been caught. She lived with her mother whose every boyfriend had beaten her. Myra had her own boyfriend, an ex-con, who beat her too. But Myra joined Upward Bound and began to think there was a better life that could be hers. She got a job, made restitution for her theft, attended school and Upward Bound regularly, raised her reading level above grade level, struggled continually with math, and now, at the end of her senior year, is scheduled to graduate with her class. She has a new boyfriend, too - a gentle person who cares for her. Myra has been accepted at Mt. Senario college in Ladysmith, Wisconsin, where she plans to study social work and juvenile corrections.

Tom is a wrestler on his high school team. He is a young man with great physical coordination whose parents work at the rubber mills. There is violence in his family. Tom hadn't done well in school, reading and writing came hard to him, and none of school seemed to be important in his life of fixing cars, drinking and playing pool. But Tom has real mathematical and mechanical ability. At one Upward Bound summer exploration course at Western Wisconsin Technical Institute he found he was gifted with computers. After two years in Upward Bound and a struggle with his senior economics course, Tom graduated from high school and enrolled at Western Wisconsin Technical Institute. In his second semester he is tops in his class in computer programming.

Leanne, from a family of 8 children, expected to graduate from high school and go west to wait on tables in a resort. She hoped to advance to restaurant manager some day. Upward Bound suggested she consider taking a degree in restaurant management and helped her enroll at UW-Stout. Now in her second year of college, Leanne maintains a B average and prefers to be in classes that challenge her.

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Julie, an American Indian girl from a rural community, had excellent grades in her high school but was plannin to go on to technical school for secretarial training when she entered Upward Bound two years ago. Now, about to graduate in the top 10% of her high school class, she has been accepted at UW-La Crosse and is in contention for two scholarships. She plans to earn a degree in business.

Kent who lived with his mother on welfare in a trailer court was not five feet tall in his junior year in high school when he joined Upward Bound. His grades were bad, his language foul and his behavior antagonistic. He thought his small size was the result of his father's beating him over the head with a crowbar. We helped Kent graduate from high school, but he wasn't able to pass the tests for the armed services. However, he had learned to respect himself and to get along with others so he joined the job corps where he is getting training so he can earn his own way in the world.

Cathy, whose mother has only an eighth grade education and distrusts the airs of the educated, planned to study bookkeeping at the technical school after graduation. When she joined Upward Bound, Cathy felt she shouldn't do as well as she could in school because others wouldn't like her or would expect too much of her. Now she is an honor roll student earning A+'s in trigonometry, accounting and calculus. Still afraid to come to a summer at UW-La Crosse, Cathy has attended two Upward Bound college visits and some of the Saturday programs on campus. And she is talking of going to college.

HOW UPWARD BOUND WORKS:

All these boys and girls and the other 75 students we serve each year are in public schools. Technically education if offered to them. In reality, it is not because their life circumstances do not afford them the support necessary to allow them to reach out for education at the level of their potential. Upward Bound affords that support.

Is this important? If we believe that our country is as strong as our strongest individuals, as weak as our weakest, it certainly is. If we believe that we get what we give it certainly is. If we believe that it is our duty to see that people have equal opportunities it certainly is. Remember Tantalus standing in the stream overhung with grapes who could neither eat not drink? When he bent over, the water level dropped below his reach when he stretched up the grapes were wafted out of reach by a breeze. So it is for many children in our country - the schools and the jobs and all the riches of our society are there before them but let them reach out and all the opportunities recede before them.

Many of our students live virtually alone - Lucy rises at 5:30 and sees her father as he gets ready for work. At that hour her mother is still at work. When Lucy gets home from school her mother is asleep and her father is at his second job. She gets herself supper and goes out to see friends. Her mother is usually gone to work by the time Lucy gets home but her father isn't home yet. When we count Lucy statistically we say she lives in a two-parent home. But who is there to tell her to take algebra rather than consumer math so she will be prepared for college? And who will comfort her when she fails a quiz, encourage her to try again and be with her as she studies for the next one? And who will applaud when she does succeed? We do these things in Upward Bound. And we help her make plans for her life, find out about the world outside her immediate neighborhood and realize her own potential. We care what choices she makes, what effort she invests in her life and in her work and we are there to let her know we care. That caring, guidance and insistence on achievement and persistence make a difference in Lucy's life. They give her the rock of self-confidence to stand on so she can reach for the riches our country offers through its system of education. Chart 4 provides an overview of the Upward Bound Project at UW-La Crosse, 1983-84.

Chart 4

PROJECT OVERVIEW

Upward Bound at UW-La Crosse 1983-84

Congressional Districts	Area Served	Number & Percent of Students Served per District
Wisconsin Congressional District 3	La Crosse DeSoto West Salem Holmen Onalaska	49 Students 68% of Total
Wisconsin Congressional District 5	Tomah Sparta	13 Students 18% of Total
Minnesota Congressional District 1	LaCrescent	10 Students 14% of Total

Funded for:

70-80 Students in the Academic Year,

50 Students in the Summer Session.

Figures below based on March enrollment.

Rural	21%	Single Parent Homes	3[illegible]%
Semi-rural	39%	Restructured Families	20%
Urban	41%	Nuclear Families	51%
		Alternative Living Situations	3%
Welfare Families	14%		
Poverty Level or Below	83%	Parent(s) with less than High School Education in Home	15%
Minority	25%	One Parent with High School Diploma in Home	19%
Handicapped	18%	Both Parents with High School Diploma in Home	31%
		Parental Education less than College, Levels Unknown	25%

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THE HIGHER EDUCATION ACT - Positive aspects of Upward Bound authorization

Upward Bound is a miracle program. It works miracles and its existance is a miracle. It is a program set up to help able people be more capable. It is a program whose goal if to identify and increase the human resources in our nation. The empowering legislation demands each program be individually designed for its locale and population. That was for-sighted of the planners and has helped to keep Upward Bound viable to this day in over 400 communities, urban and rural, serving people from all kinds of backgrounds.

The relative ease of record-keeping and reporting, made even easier by the excellent support we get from project officers in Washington, keep Upward Bound Projects out from under the piles of paper that bury some programs.

Altogether the authorization for Upward Bound keeps its action and service oriented and individualized enough to fill needs specific to each project's location.

THE HIGHER EDUCATION ACT - Suggestion

In Upward Bound we are working to break a cycle of poverty and attenuated educational achievement. While no project is successful with every student, we are all successful with many students. The degree of success and the duration of the effects need to be looked at in a sophisticated manner. No one project is equipped or funded to do this. But it can be done.

I suggest two longitudinal studies of Upward Bound graduates with matched control groups be done. The studeis should deal with different Upward Bound student populations - urban and rural. Consideration would have to be given, too, to the size and length of existence of the projects selected for study. For example: the Cranbrook Horizons - Upward Bound Project in Michigan that has operated since 1965 graduated 73 students last year while our Upward Bound Project at UW-La Crosse that has operated since 1980 graduated 6 students last year. One aspect of the studies should be an analysis of parental, educational, economic and employment status. This then can be compared with the students' adult statuses in similar categories. I would further suggest, if possible, that comparisons be made between the Upward Bound population and the control groups as to levels of alcohol and drug abuse, of illegal activities, and rates of violence, family stability and community involvement.

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The Committee on Education on Labor and the Subcommittee on Post-secondary Education in particular are concerned with simplifying the student aid process including simplification of the family contribution schedule. They are also concerned with disseminating information to students, particularly to disadvantaged students, about financial aids available.

However, my first reaction is outrage, only my second reaction is approval. The problematic part of the proposed bills is that they are addressing the issue from the wrong angle. Students I deal with now, in the La Crosse, Wisconsin area and those I have dealt with before at alternative schools in Milwaukee and public schools in Chicago do not need pamphlets or announcements detailing financial aid available to them because they don't read or listen to the material. They are convinced that it does not apply to them. Telling their counselors about financial aid programs available probably won't make much difference either, because the counselors represent the schools the students are alienated from. The high school principal who said he wouldn't schedule our summer session valedictorian into geometry instead of shop class because, afterall, she was a girl and from a poor family so she wouldn't go to college anyway, voiced an attitude that is not unusual. It is not that the information shouldn't be available; it is not that applications shouldn't be simple; it is only that such things do not address the problem that exists.

The problem of getting information and aid to disadvantaged students in a form that encourages them to use it and makes it likely that they will use it can be solved. The solution lies in person to person contact. That contact must be made by people who genuinely want the students to succeed. And that contact must be of a relatively long-term supportive nature. There is no chance of success with a single shot of information or a single advising session. We are suggesting people make changes in life-style, self-image, social patterns, and orientation to the world. We are suggesting they should place themselves in a part of the world where they are not comfortable, a part of the world that doesn't want them--a part of the world that their world distrusts, fears and sometimes hates. This cannot be done by simplifying a form. And it cannot be done by getting information to the representatives of that part of the world that so oftens rejects them.

Now I want to say, as a former assistant director of financial aids at the University of Wisconsin-Milwaukee, as a former poverty-level parent of a college age student who applied for financial aid, and as a current Upward Bound director, helping poverty-level students apply for financial aids, that the forms are simple. The way the present Financial Aid Form is set up, it is unnecessary for an applicant to know what is available because aid is plugged in automatically once the application is made. However, to ensure that our students complete applications correctly, we have our seniors gather at the University to complete the Financial Aids Form with the help of the assistant director of financial aids. In Milwaukee, financial aids counselors go to city schools for a day and evening to help seniors and their parents make application. Those things are easy to do--and they are being done. Of course anything that can be done to simplify forms is a good thing. And, of course, the more information that is available the better. So, of course, the bills in question are useful. However,

to really address the problem of lower numbers of minority applications for financial aids, we must increase programs that reach out to give people a hand up along with a pep talk and maybe even a place to regroup when the going gets though. Continue to fund Upward Bound and other programs like it. Let us work with students, let us have time to introduce them to new parts of themselves and of the larger world they live in. Give them help that has enough substance to it to make a difference.

In the area our Project serves, there are schools asking us to come to them--but we have no funds to take on another school. One teacher in a rural school said every child in her high school qualified for Upward Bound. Their postsecondary enrollment is miniscule--the children have never been to La Crosse, have never been to the University. They know no one with a college degree beside teachers, their doctor, and their minister. Naturally, the students do not think of going to school, naturally they do not have career goals and naturally, most of the pre-college subjects they are asked to study in high school have no meaning for them. They need financial aid as simply and directly as possible, but before they need financial aid, they need the kind of experiences Upward Bound offers.

CONCLUSION

In conclusion let me say that the young people we reach need what Upward Bound gives - and in this country we need what these young people have to offer.

They don't want to be dependant. They don't need to be dependant but they do need a hand to break free of the grip of the cycle of poverty.

Thank you for Upward Bound - it is a marvellous program that speaks louder than words. Your belief that the strength of our nation rests with the good of the individuals in it.

Mr. SIMON. We thank you both, very much. I'm curious and if I may, I'll just follow up on—Ann—who you said is now?

Ms. MEISENHEIMER. Cleaning houses.

Mr. SIMON. Cleaning houses. Now what, is there some way that she can be lifted yet?

Ms. MEISENHEIMER. Oh, yes. Thank you. The reason that I know that she's cleaning houses is because, of course, she's back in touch with us. For a year we didn't hear from her; she stayed on the farm and cooked for her father and the men but now she's in the city cleaning houses, and she's been to the office and she's asked us to help her fill out an application for college. It is completed. We helped her fill out her financial aid form; however, I don't know if she'll have the courage to go on. We've done as much as we know to do because she's an adult and needs to make that decision.

And you know, you understand that for her, not only is poverty in the way but the whole society that has told her she doesn't—the whole except for Upward Bound—that she doesn't belong in college. So it's touch and go whether she'll go to college or get married to her boyfriend who's still in high school.

Mr. SIMON. Can you—as soon as you're through testifying, if you can get ahold of her phone number?

Ms. MEISENHEIMER. Yes.

Mr. SIMON. I would like to immediately after this call her, if I could; if I can't you get me her address and I will drop her a note, all right?

Ms. MEISENHEIMER. OK. I don't have it with me but I will get it to you.

Mr. SIMON. OK. Second, you make one other point in your prepared testimony, that I think is important. "Students I deal with now in the La Crosse, WI, area and those I've dealt with before at alternative schools in Milwaukee and at public schools in Chicago, do not need pamphlets or announcements detailing financial aid available to them because they don't read or listen to the material. They are convinced that it does not apply to them."

One of the interesting things that happened back in 1978 when we opened up the Guaranteed Student Loan Program to everyone, all of a sudden we had this avalanche of applications. Eighty percent of the people who were new applicants were eligible under the old rules; they just assumed that it didn't apply to them. And I think your point is very very well taken there.

Ms. MEISENHEIMER. Thank you.

Mr. SIMON. The, Ms. Lapp, first of all, your academic progress objectives on page 8 in the results are impressive. One question, as I was going over, on page 10, your graph, there, you say, the second column is mean for both low-income and first-generation freshmen and then you separate the two in the following two categories.

As you look at the combination there lower than each of the two categories, if you follow me, in other words, at the very top it's 54.151 for the combined, and then, each of the separate ones is higher? I would be interested if you could have someone follow through on that and I'm just curious because it doesn't set out——

Ms. LAPP. OK. What we're trying to say is some of the students are both low income and first generation. Some of the students are one or the other. So statistically, what we're trying to say is, the

mean for students that are both low income and first generation, is—how is that?

Mr. SIMON. I don't know; if you can just send us some explanation for the record, all right? I'm sure there is an explanation but it is not obvious.

Mr. PISEREK. I have this.

Mr. SIMON. OK, yes; if you can come down and——

Ms. LAPP. He works at Special Services at Eau Claire.

Mr. SIMON [continuing]. Identify yourself, give us your name for the record and identify yourself?

Mr. PISEREK. My name is Joseph Piserek. I work with the special services project here at UW-Eau Claire. As you are aware, eligibility requirements for special services programs, two-thirds of the students have to be both low income and first generation or physically handicapped. One-third of the students can be either first generation or low income, OK? Now, the data that we have provided here: For the students that we are serving that meet both of the criteria—that is, they are both low income and first generation, the means for—oh, pardon me, OK, the percentile rank in high school was 54.51, OK?

Mr. SIMON. I see.

Mr. PISEREK. OK?

Mr. SIMON. Yeah. So, the second column is not simply a combination of the first two columns?

Ms. LAPP. No.

Mr. PISEREK. Correct.

Mr. SIMON. Yeah, I understand.

Mr. PISEREK. The second column is low income only; they meet just the low-income criteria.

Mr. SIMON. OK, all right.

Mr. PISEREK. The others, just first generation.

Mr. SIMON. OK, great. Thank you.

Mr. Gunderson.

Mr. GUNDERSON. One of the big questions that we face in all of these special services programs is whether or not it should be outreach or counseling. I think the chairman's proposal focuses a great deal more on outreach than it does on counseling; I'd just be interested in a reaction as to where the priority ought to be?

Ms. LAPP. Special services currently is not—cannot recruit.

Mr. GUNDERSON. Well, I'm talking about TRIO, every thing.

Ms. LAPP. You are talking about all TRIO Programs?

Mr. GUNDERSON. Yes.

Ms. LAPP. Right now, what we try to do is, and what Eau Claire does—and I'm going to speak specifically to Eau Claire because I don't feel comfortable speaking for all special services—what we do, is we bring in high school counselors to our campus. We spend at least 1 day with them, talking to them about what it is that we offer and who it is we're going to offer that to. We also obviously do a lot who—we send them written things including information to hand out to students and parents. One of the limitations currently under special services, is that special services personnel are not supposed to be recruiting.

So what we do then, when we're trying to find students, Marilyn is working with a special services programs. Marilyn sends her stu-

dents to us or gives us their phone numbers and their names. Now, under the new suggestion, I think your centers that have been added would do a lot to help that. I was reading a study this weekend, it pointed out that however, counselors are not on target. Counselors are not the greatest source of information or influence on whether or not a student goes on to college; it is parents and peers.

So what we're all trying to figure out how to do is to get that information to the parents and peers.

Ms. MEISENHEIMER. I'd think I'd like to talk to this point because it certainly affects me enormously. First of all, yes, high school counselors are not the best contact people. I just wanted to clarify what counselors we were talking about.

However, because we are talking about people from one world coming into another world—if you'll excuse the comparison—counseling may come in but I think it has to come in by the way. That we've dispensed with a counselor in our program because we've found that not to be what was necessary. Outreach is absolutely necessary. We have to get to the people, and then we have to be there with the people, which pretty much means doing something, not counseling. Counseling can be too patronizing and it's very often a problem centered. Remember I mentioned the business of Upward Bound being a miracle program because it supposes health; it supposes capability and Outreach can do that.

Whereas counseling makes another assumption; counseling makes an assumption that there is a problem. So I would, if you were going to make a choice, I would say, Outreach as long as it is understood that that is not a matter of handing out a pamphlet or talking to high school counselors but being with the people you are trying to affect.

Not just talking to them and leaving but being there. Being available and, if possible, doing things together. That's what makes the difference.

Mr. GUNDERSON. You discussed, in a number of your charts, the determination of eligibility of students—the number of students that are eligible?

Ms. MEISENHEIMER. Yes.

Mr. GUNDERSON. How do you determine which students who are eligible are also needy? Or do you make the assumption that all who are eligible are also needy?

Ms. MEISENHEIMER. Are you talking about academic need or are you talking about financial aids?

Mr. GUNDERSON. I'm not talking about financial aids; I'm talking about your particular program?

Ms. MEISENHEIMER. Academic need?

Mr. GUNDERSON. Yes.

Ms. MEISENHEIMER. When students come to Eau Claire, we have their high school transcripts; we may have some other information from a high school counselor. We have their ACT scores; we have their English placement test; we have their math placement test; we have all the subscores on the ACT. During that orientation, we have a 2-day orientation for all entering freshmen. We have a corps of university faculty members that serve as an advisors; Joan and I are both on that team. When an advisor, I don't care what,

you know, it could be business, it could be chemistry, it could be music, sees a student with a profile, we have previously talked through with them so they are very comfortable that they understand the kinds of students it is that need these services, and what they will do, is refer that student to our office.

Now that's the screen that we have during our needs assessment that goes on as part of freshman orientation and that goes on for all students, by the way. In other words, all students will have a profile of how it is they rank with other UW students.

We also then have accessability officers on campus that work very hard to be sure that target groups of persons get to our offices, such as returning adult students, the minority office, and those access people would include deans, they would include from your action officers, so there are two direct ways; and always faculty referrals. So that students don't only come in as a first or second day on campus but throughout the semester, you have faculty members who identify a student who may have fallen through the cracks, with all of this sophisticated computerizing that we have, and those students are then referred to us.

Mr. GUNDERSON. Thank you. I'd love to ask some more questions but we are quickly running out of time and we've got one panel left to go. I want to thank you all right now, and with that, call on the panel of students that we have: Eunice Riley, Tom Fonfara, and Kevin Bay. Eunice, your name is first and we're going to ask you to go first.

Ms. RILEY. Thank you.

Mr. GUNDERSON. If that's all right with you?

Ms. RILEY. That's fine with me. Thank you.

Mr. GUNDERSON. All right.

STATEMENT OF EUNICE RILEY, STUDENT PANELIST, UNIVERSITY OF WISCONSIN-EAU CLAIRE

Ms. RILEY. Thank you. First of all, I'm happy to have this opportunity to be involved in this kind of hearing be because I've learned a lot myself——

Mr. GUNDERSON. Join the club.

Ms. RILEY [continuing]. And I've gotten a great deal of appreciation for the benefits that I've received myself.

A college education provides the unique opportunity for personal growth and utilization of human potential. This is especially true for those of us who fall under the category of nontraditional. Typically, we are highly motivated, hardworking, and goal oriented. We return to the role of student with a craving for knowledge and an enthusiasm for learning. However, along with these positive attitudes, we must also bring current responsibilities, disadvantages, and fears unknown to traditionally aged students. The manner in which such problems are handled by the student, the college, and our country, can make a difference between failure and success.

My testimony gives my specific situation; I won't go into all the details, only to reiterate that I am a full-time premed student planning to enter med school in 1986. I am divorced and have two children, ages of 11 and 14.

I have personally used Pell grants and work study to continue my education and have found them to be invaluable to do so.

In regard to the reauthorization of the Higher Education Act, my first concern is that students be given accurate but fair consideration when financial assistance is needed. The more control and responsibility the local college campuses are allowed, the more this goal can be achieved in my estimation.

The costly processing procedures managed twice by Federal authorities cause unnecessary frustration, loss of time, and greater opportunity for fraud. If the award decisions, though under rigid Federal guidelines and scrutiny, are made by administrators at the campus level who know the local living costs firsthand and deal more directly with student problems, funds will be used more beneficially and equitably.

Second, I cannot overemphasize the importance of expanding work-study programs. Most returning adults are reluctant, and wisely so, to take on the burden of student loans. Work assistance, which can profit from the experience and maturity of nontraditional students, offers a viable alternative. The student earns, rather than borrows, for his education, while the college benefits with lost cost employees.

Third, I would like to address the issue of special programs. Not only older students, but minorities and underprivileged as well are given invaluable assistance by such courses. In my own case, I would not have succeeded nearly as well if it had not been for the introductory chemistry course—and I might add a study skills course—offered by University of Eau Claire. I do not believe that a lack of past opportunities should deter potential leaders from reaching their goals.

The creation of a National Center for Postsecondary Educational Opportunity approaches the problem of student awareness, but again, I believe that the more this can be focused at the local level, the more effective it will be. Certainly, active education of students, parents, and the general public to the opportunities offered should increase participation in all the alternatives available.

Many times, students take the route of student loans due to the ignorance of other more desirable means of financing.

In conclusion, I would like to challenge you to broaden your vision to include the untapped potential of older students and, more specifically, women. I could probably have survived if I had remained a secretary. However, my education at the University of Eau Claire has provided the opportunity to become the type of sensitive competent physician I feel is needed, and a more productive contributing citizen. It is imperative that the Higher Education Act be the kind of legislation that opens doors, not closes them, to those of us who are willing to work hard to improve.

Thank you.

[Prepared statement of Eunice Riley follows:]

PREPARED STATEMENT OF EUNICE RILEY, STUDENT PANELIST, UNIVERSITY OF WISCONSIN-EAU CLAIRE

A college education provides the unique opportunity for personal growth and utilization of human potential. This is especially true for those of us who fall under the category of "non-traditional". Typically, we are highly motivated, hard-working, and

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goal-oriented. We return to the role of student with a craving for knowlege and an enthusiasm for learning. However, along with these positive attitudes, we must also bring current responsibilities, disadvantages, and fears unknown to traditionally-aged students. The manner in which such problems are handled by the student, the college, and our country can make the difference between failure and success.

My specific situation exemplifies many of these issues and demonstrates the consequence they can have. At the age of 33, I entered the college arena for the first time. I had filled the sixteen years after high school graduation with the typical activities: marriage, parenthood, church work, and secretarial positions. When, in 1981, I was given the opportunity to buy the computer subsidiary I was managing, I decided to take time to evaluate my real desires and goals in life. Shortly thereafter, I enrolled at the University of Wisconsin—Eau Claire to pursue a career in medicine—my true passion.

As is the case with most returning students, fear of the unknown and fear of failure demanded caution that first semester. I sought the wisdom and advice available from university personnel and was guided into courses and programs which supplied the basis for a firm, academic foundation. Unfortunately, within the first year, my previously crumbling marriage ended in divorce, leaving me with the responsibilities of raising two preteens, setting up new living quarters, and financing my education to its completion. Pell Grants and workstudy have been my salvation. After surviving those initial ordeals, I am now an aspiring pre-med student, maintaining an average G.P.A. of 3.6. Although finances are tight, my children are managing well, and I have even been able to get involved in campus activities. Recently, I was elected to the Student Senate, am active in two honor societies, and served on the Honor Week Steering Committee. Throughout these past two years, I have gained knowledge, confidence, and understanding while contributing experience, maturity, and insight.

In regard to the reauthorization of the Higher Education Act, my first concern is that students be given accurate but fair consideration when financial assistance is needed. The more control and responsibility the local college campus is allowed, the more this goal can be reached. Excessive and costly processing procedures managed twice by federal authorities cause unnecessary frustration, loss, of time, and greater opportunity for fraud. If the award decisions, though under regid federal guidelines and scrutiny, are made by administrators at the campus level who know the local living costs first-hand and deal more directly with student problems, funds will be used more beneficially and equitably.

Secondly, I cannot overemphasize the importance of expanding work study programs. Most returning students are reluctant, and wisely so, to take on the burden of student loans. Work assistance, which can profit from the experience and maturity of non-traditional students, offers a viable alterantive. The student earns, rather than borrows, for his education while the college benefits with low cost employees.

Thirdly, I would like to address the issue of special programs. Not only older students but minorities and underprivileged as well are given invaluable assistance by such courses. In my case, I would not have succeeded nearly as well if it had not been for the introductory chemistry course offered by UW-EC. Lack of past opportunities should not deter potential leaders from reaching their goals.

The creation of a National Center for Postsecondary Educational Opportunity approaches the problem of student awareness, but again I believe that the more this can be implemented at the local level, the more effective it will be. Certainly, active education of students, parents, and the general public to the opportunities offered should increase participation in all the alternative available. Many times students take the route of student loans due to ignorance of other, more desirable means of financing.

In conclusion, I would like to challenge those involved with this important legislation to broaden their vision to include the untapped potential of older students, and more specifically, women. It is foolhardly to suggest that a short-term, minimal investment to remove a name from an unemployment list or a welfare roll is advantageous to a long-term educational investment which results in a productive, contributing member of society. I could probably survived had I remained a secretary. However, my education at UW-EC has provided the opportunity to become the type of sensitive, competent physician I feel is needed. It is imperative that the Higher Education Act be the kind of legislation that open doors, not close them, to those willing to work hard to improve.

Mr. SIMON. We thank you very much. Tom Fonfara. Student from the University here at Eau Claire.

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Mr. FONFARA. I'd like to correct you; I'm a student at the University of Wisconsin-Stout.

Mr. SIMON. I'm sorry; a major error.

STATEMENT OF THOMAS J. FONFARA, STUDENT, UNIVERSITY OF WISCONSIN-STOUT

Mr. FONFARA. I'd like to thank you, Congressman Simon, Congressman Gunderson, for giving me the privilege of testifying before you today. I was asked to base my testimony on a student's perspective on financial aid and the whole subject of the Reauthorization of the Higher Education Act. What I think is good and bad with the whole system as it is today, and any suggestions or recommendations I might have for your consideration.

The student's perspective that I will base my reflections on will be the one student that I am most familiar with—myself. The comments I will make will be of my own opinions and not those of students in general. Quite frankly, I would not be testifying before you today as a student if it hadn't been for the programs authorized by the Higher Education Act of 1965. I have been a beneficiary of three of the different programs and without them, it would have been impossible for me to afford to go to college.

So I am indeed thankful that the programs were established.

Approximately 85 percent of my college education has been paid for through the guaranteed student loan program. Another 13 percent was financed through the work study, and the remaining 2 percent, or $246.00, was in the form of a Pell grant.

These funds, combined with the money I earn by working each summer, have financed my education. One problem I see with the system as a whole is that, upon my graduation next month, I will be faced with the payments on my student loans totaling $11,246.00. Do not get me wrong; I am not complaining about having to pay for something that I received, but rather the fact that many other graduates are not faced with such bills. I honestly feel that students should pay for most of their education by working or through loans.

Many of the recipients of grants are coming out of college without owing a cent, or substantially less than most of us who finance their own education. I see no reason for this vast inequity.

These great differences come from the family contribution schedules for determining the amount of reward for the students. Parents' annual income is a main determinant in calculating the amount of financial aid the student will receive. The tables give the expected parental contribution toward the student's educational expense. I, along with many other college students, really never see that amount of money which is supposedly expected to be paid by our parents—nor do we expect it.

I really see nothing wrong with any student graduating and having to pay for a good majority of his or her educational expenses. I recommend to take some of the money which is currently allotted to the grant programs and channel it into low-interest loans for students in place of grants. This would enable the Government to have a return on its investment in the student instead of just giving them a freebee. The students must see the guaran-

teed student loans and the national direct student loans as an investment in their futures.

Another thought I would like to share with you today is that of requiring certain academic standards to the beneficiaries of financial aids. Eligibility for the next semester's aid would be reexamined if they did not achieve a certain grade point. I am sure that this is only needed for a very small number of individuals, but in some cases, it happens that a student does not have any real incentive to graduate and leave the safe confines of the university.

It has been known to happen that some students will fail a course and not think anything of it because they can just go to school for another year or two at the expense of the Government. You can clearly see how wasteful this could be. By having academic standards to reach and maintain, this student would have to make the grades and thus eventually graduate, making room for new students.

The reauthorization would also create a national center for postsecondary education. Along with many other advantages, it would make it clear to the students how much financial assistance they qualify for. Most students have no idea of how much money, if any, they will receive for the coming school year until they fill out all of the forms. This will be very beneficial to prospective students as they plan out their financial needs for the coming years.

In closing, I would like to reiterate that these are my own personal views and not those of students in general. Other students have differing views, as you have heard, or will hear in future hearings.

I'm not sure how many people are denied access to a college education, and I would imagine that statistically data on that would be nearly impossible to find, but I think it would be a safe assumption to say that many of the students enrolled in our colleges and universities today would not be here if it were not for the programs established by the Higher Education Act.

This legislation has benefited literally millions of people and deserves its reauthorization.

We must see that student financial assistance is an investment by our Government that benefits the individual student, whose education will make him or her a much more qualified candidate for a job. It is also an investment in that specific institution that he or she chooses to attend, by creating jobs for that college and community.

Finally, we must see that student financial aid is an investment in the future of our country. Having more educated people in our society will definitely be a benefit to us all.

[Prepared statement of Thomas J. Fonfara follows:]

PREPARED STATEMENT OF THOMAS J. FONFARA, STUDENT, UNIVERSITY OF WISCONSIN-STOUT, MENOMONIE, WI

I would like to begin my testimony by thanking Congressman Simon, Congressman Gunderson, and the other members of the Subcommittee for giving me the privilege of testifying before you today.

I was asked to base my testimony on a student's perspective of financial aid and the whole subject of the Reauthorization of the Higher Education Act of 1965, what I think is good and bad with the system as it is today, and any suggestions and/or recommendations I might have for your consideration.

The student's perspective that I will base my reflections on will be the one student that I am most familiar with, myself. The comments I will make will be of my own opinions, not those of students in general.

Quite frankly, I would not be testifying before you today as a student if it hadn't been for the programs authorized in the Higher Education Act of 1965. I have been a beneficiary of three of the different programs, and without them it would have been impossible for me to afford to go to college, so I am indeed thankful that the programs were established.

Approximately 85 percent of college education has been paid for through the guaranteed student loan program. Another 13 percent of it was financed through the work study program. The remaining 2 percent, or $246.00, was in the form of a Pell grant. These funds, combined with the money I earned by working each summer, have financed my education.

One problem I see with the system as a whole is that upon my graduation next month, I will be faced with the payments on my students loans totaling $11,246.00. Do not get me wrong, I am not complaining about having to pay for something that I received, but rather, the fact that many other graduates are not faced with such bills. I honestly feel that students should pay for most of their education by working or through loans. Many of the recipients of grants are coming out of college without owing a cent, or substantially less than most of us who finance their own education. I see no reason for this vast inequity.

These great differences come from the family contribution schedules for determining the amount of reward for the students. The parent's annual income is a main determinant in calculating the amount of financial aid the student will receive. The tables give the expected parental contribution towards the student's educational expense. I, along with many college students really never see that amount of money which is supposedly expected to be paid by our parents, nor do we expect it. I see nothing wrong with any student graduating and having to pay for a good majority of his or her educational expenses. I would recommend to take some of the money which is currently allotted to the grant programs and channel it into low interest loans for students in place of grants. This would enable the government to have a "return on its investment" in the student instead of just giving them a "freebee." The student must see the Guaranteed Student Loans and National Direct Student Loans as an investment in their futures.

Another thought I would like to share with you today, is that of requiring certain academic standards to the beneficiaries of financial aids. Eligibility for the next semesters aid would be reexamined if they did not achieve a certain grade point. I am sure that this is only needed for a small number of individuals, but in some cases it happens that a student does not have any real incentive to graduate and leave the safe confines of the university. It has been known to happen that some students will fail a course and not think anything of it because they can just go to school for another year or two at the expense of the government. You can clearly see how wasteful this could be. By having academic standards to reach and maintain, this student would have to make the grades and thus, eventually graduate, making room for new students.

The reauthorization would also create a National Center for Postsecondary Education. Along with many other advantages, it would make it clearer to the students how much financial assistance they qualify for. Most students have no idea of how much money, if any, they will receive for the coming school year until they fill out all of the forms. This will be very beneficial to prospective students as they plan out their financial needs for the coming years.

In closing, I would like to reiterate that these are my own personal views, not those of students in general. Other students have differing views as you have heard, or will hear in future hearings.

I am not sure of how many people are denied access to a college education, and I would imagine that statistical data on that would be nearly impossible to find, but I think it would be a safe assumption to say that many of the students enrolled in our colleges and universities would not be here if it were not for the programs established in the Higher Education Act of 1965. This legislation has benefited literally millions of people and deserves reauthorization.

We must see that student financial assistance is an investment by our government that benefits the individual student, whose education will make him or her a much more qualified candidate for a job. It is also an investment in that specific institution that he or she chooses to attend, by creating jobs for that college and community. Finally, we must see student financial aid as an investment in the future of our country. Having more educated people in our society will definitely be a benefit to us all.

Mr. SIMON. Thank you very much. And finally, Kevin Bay, who is the president of the University of Wisconsin Student Senate at Platteville. We're pleased to have you here. Better watch, I used to be student body president way back when. You may end up as a Member of Congress or a candidate for the Senate, if you're not careful, here, Kevin?

STATEMENT OF KEVIN J. BAY, PRESIDENT, UNIVERSITY OF WISCONSIN-PLATTEVILLE STUDENT SENATE

Mr. BAY. Well, I'd like to start by thanking you for coming to Wisconsin to get our views; and I'd like to thank Steve for asking me to come up to bring the views from UW-Platteville. And before I start, I'd like to just say that I've never met this gentleman, and I've not heard his testimony before, but he will find me echoing many of the things that he just said.

In these times, when people are talking about Federal budget pressures, the legislators correctly become very concerned with the fair distribution of financial aids to the truly needy students. However, I think it is about time this concern was expanded to the fair distribution of financial aids to the truly needy students with ability and desire.

In an effort to remain consistent with these two expanded concerns, I will concentrate on these three major points:

No. 1, mandatory minimum standards to ensure satisfactory academic progress; No. 2, a program to increase the eligibility of students for workstudy; and No. 3, an increase in the guaranteed student loans.

I think that the present minimum standards used to insure satisfactory academic progress frankly, are a joke. I would propose a program that would require a minimum of 12 credits per semester or 24 credits per year for a full-time student.

I also would recommend that in order to remain eligible for financial aid, the student would have to maintain a 1.6 grade point average for the first year; a 1.8 for the second year; and 2.0 thereafter. I would also impose an absolute upper limit of nine semesters of eligibility for undergraduate work for a single degree. A violation of any of these rules would be grounds for termination of further aid.

I would like to add that this set of rules would be more lenient than we already expect from our athletes and GI bill recipients. I think that workstudy gives students an opportunity to contribute to his or her own education. Workstudy should be made available to more students by eliminating the needs test for students whose family income is below $35,000.

What this will do, in effect, is increase the competition for workstudy jobs and assure some type of productivity at those jobs. It would also relieve the unreasonable burdens that are placed on the budgets of hardworking middle- to lower-middle income families trying to send their children to college.

Another problem this will address, one of special significance to the University of Wisconsin-Platteville, is the plight of many farmers sending their kids to school. It is my understanding that many students from farms parents have negative incomes or incomes in

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the poverty level for the last few years, are denied workstudy because their parents show significant assets on paper in the form of equity in the family farm.

Are we asking these people to sell chunks of their family farm to send their children to school?

This brings me to my final point and perhaps the most important source of financial aid—the guaranteed student loan. If someone is willing to take out a loan for their education, they are obviously showing a desire to be educated and the intent to use that education upon graduation. The biggest problem with the GSL is the fact that the amount you can borrow per year has not changed in recent years, while the cost of education has skyrocketed.

It is my opinion that the present limit of $2,500 per year should be increased to $3,500; I also believe that the family income qualification should be raised to $35,000 per year. Also, all students should be required to take out a student loan before they qualify for any of the various grant programs, or contribute in the form of workstudy. This would stimulate some sort of commitment from most students who receive grants.

I would also urge the committee not to be tempted to put a needs test to the GSL. If your parents make less than $35,000 a year, you obviously have a need.

In talking with other students at UW-Platteville, I very seldom hear any mention of grants. It seems to me that the overwhelming problems I keep hearing about are a shortage of workstudy jobs and a deficiency in the amounts one can borrow. In short, I think that if we can solve these two problems and keep people from sitting around drinking beer and watching TV for 6 years on government handouts, we will have made great strides toward putting people in college who want an education, and also we could keep the level of spending for postsecondary aid at an acceptable level.

I would like to add that the way I formulated these ideas was approaching many different people at Platteville and with a special respect to the executive board of the student senate, and then I read this testimony at the student senate meeting on Monday, and I got resounding applause and no dissenting ideas or opinions.

And I'm sure that I've brought some surprise to many members of the committee, and I think that this is the way that students are thinking. They don't want handouts; we want to contribute to our education. I also will have an excess of $10,000 in loans taken out by the time I graduate, and it doesn't bother me a bit.

But I will restate what he said; it bothers me when people don't take out any loans and they get grants all through college, and they get the same job when they graduate that I do.

Thank you.

[Prepared statement of Kevin J. Bay follows.]

PREPARED STATEMENT OF KEVIN J. BAY, PRESIDENT, UNIVERSITY OF WISCONSIN-PLATTEVILLE STUDENT SENATE

In these times when prople are talking about federal budget pressures, the legislators correctly become very concerned with the fair distribution of financial aids to the truly needy students. However, I think it is about time this concern was expanded to the fair distribution of financial aids to the truly needy students with ABILITY and DESIRE. In an effort to remain consistent with these two expanded concerns, I will concentrate on these three major points: mandatory minimum stand-

ards to ensure satisfactory academic progress; a program to increase the eligibility of students for work-study; and an increase in guaranteed student loans.

I think that the present minimum standards used to ensure satisfactory academic progress, frankly, are a joke. I would propose a program that would require a minimum of 12 credits per semester or 24 credits per year. I also would recommend that in order to remain eligible for any financial aid, the student would have to maintain a 1.6 GPA for the first year, a 1.8 for the second and a 2.0 thereafter. I would also impose an absolute upper limit of nine semesters of eligibility for undergraduate work. A violation of any of these rules would be grounds for termination of further aid. I would like to add that this set of rules would be more lenient than what we already expect from our athletes and GI Bill recipients.

I think that work-study gives students an opportunity to contribute to his or her own education. Work-study should be made available to more students by eliminating the needs test for students whose family income is below $35,000. What this will do, in effect, is increase the competition for work-study jobs and assure some type of productivity at those jobs. It would also relieve the unreasonable burdens that are placed on the budgets of hard working middle to lower-middle income families trying to send their children to college. Another problem this will address, one of special significance to the University of Wisconsin-Platteville, is the plight of many farmers sending their kids to school. It is my understanding that many students from farms, whose parents may have had negative incomes for the last few yers, are denied work-study because their parents show significant assets on paper in the form of equity in the family farm. Are we asking these people to sell chunks of the family farm to send their children to school?

This brings me to my final point and perhaps the most important source of financial aid—the Guaranteed Student Loan. If someone is willing to take out a loan for their education, they are obviously showing the desire to be educated and the intent to use that education upon graduation. The biggest problem with the GSL is the fact that the amount you can borrow per year has not changed in recent years, while the cost of education has skyrocketed. It is my opinion that the present limit of $2,500 per year should be increased to $3,500. I also believe the family income qualification should be raised to $35,000 per year. Also, all students should be required to take out a student loan before they qualify for any of the various grant programs. This would stimulate some sort of commitment from these students to receive grants. I would also urge the Committee not to be tempted to put a needs test to the GSL. If your parents make less than $35,000 you obviously have a need.

In talking with other students at UW-Platteville, I very seldom hear any mention of grants. It seems to me that the overwhelming problems I keep hearing about are a shortage of work-study jobs and a deficiency in the amounts one can borrow. In short, I thank that if we can solve these two problems, and keep people from sitting around drinking beer and watching TV for six years on government handouts, we will have made great strides toward putting people in college who want an education, and also we could keep the level of spending for post secondary aid at an acceptable level.

Mr. SIMON. Thank you. Let me, just so we understand, one of the difficulties is what looks like a handout to one person is not a handout to someone else.

You mentioned that you're going to have over $10,000 in loans; those loans are heavily subsidized.

Mr. BAY. I understand that.

Mr. SIMON. That is a handout to you. What I find, for example, I will have people come into my office—I'm not picking on farmers now, but maybe farmers who come in and say, we got to get all these people off of welfare. And then the next thing they know, they say, well, we've got to have a subsidy for the dairy program; we've gotta have a loan program here, and all of a sudden, you know, what is a handout to one group, is not a handout. Now, you don't consider your loan subsidy a handout.

Mr. BAY. Yes, I do; but I think that when you take out a loan, I'm talking about the motivational factor; at least I feel like I'm producing; I'm paying some of it back. I understand that it's a

handout, but it's not an out-and-out grant where I don't have to worry about it.

When I take out a loan, I'm making a commitment to pay back the majority or at least part of that.

Mr. SIMON. The difficulty is, and one of the main reasons why we're trying to get some kind of a shift—and I agree, incidentally, with some of the things you say—in your testimony—the difficulty is that that loan costs the Federal Government more than if we were to give you a grant. Because we have to maintain that subsidy for a great many years, while you pay that back.

Now, one of the things I think we have to look at is can we—one of the suggestions from one of our witnesses was, after 3 years, should we start raising the interest so that we don't give you too much of a handout here.

Mr. BAY. My interest is a 9 percent.

Mr. SIMON. Pardon?

Mr. BAY. My interest is at 9 percent, which isn't a substantial handout, although it is a handout.

Mr. SIMON. It is a handout—unfortunately. But, let me ~~just~~ say, getting you to college is a great investment for us, and I'm not being critical of you here now, and I think it's a great thing that we get you there and get all of you there. It is very important. Two of you touched on something that is a problem, and I don't know how we deal with this; I happen to agree that we ought to be requiring some kind of academic standard but it is tough to know how you do that.

In other words, and I don't mean this disrespectfully to say the campus here at Eau Claire or Platteville or Stout or anywhere else, but maybe maintaining a C average here is a little easier than maintaining a C average at Harvard. And, or a C average somewhere else. So that if we write into the law that you have to maintain that 2-point average or C average or whatever however the thing is written, we work inequities. I don't know how we deal with that.

But it is something that the three of you are obviously talented creative people; any ideas you have that reflect upon that, or any comments you might have right now, we would be interested in.

Mr. BAY. I don't know if it addresses the problem but you mentioned that it would be harder to keep this grade point at Stanford, but I guess it really doesn't address the problem but that person who graduates from Stanford would be making a lot more money then the one that graduated from here, and there would have to be had a little bit tougher regulations.

Mr. SIMON. Any comments from any of the others of you?

Mr. FONFARA. I understand what you are saying and I've thought about it and I thought about adding something to my testimony like a suggestion and I just don't know how you could go about doing it because most colleges have already got if you don't achieve a certain grade point, you're automatically out and thus you're not going to get any, the aid in the first place. But I just, it would seem that as some kind of an incentive, perhaps maybe the best thing to do would be have, like nine semesters of eligibility for aid; maybe that would be the best.

Mr. SIMON. Yes?

Ms. RILEY. I guess my only comment is I know on Eau Claire campus, we are required to maintain a certain level of academic success in order to get our financial aid and so I don't have any experience with other universities to know what they do.

Mr. SIMON. Let me just add, if I may use you as an illustration, we're going to get our money back if you become a physician so many times over that investment we make in your education, it's a good illustration of why we ought to be doing that. We not only get our investment back in dollars, but in the health and welfare of the people who need help.

Mr. Gunderson.

Mr. GUNDERSON. Thank you, Mr. Chairman.

Eunice, you'd be happy to know that yesterday we had a medical student from Mayo Clinic testify and I suggested, after hearing his testimony, that we're in the process of trying to put limits on the cost of health care in this country; I'm not sure we're not going to have to start putting limits on the cost of tuition in medical school.

Ms. RILEY. I agree.

Mr. GUNDERSON. Wonder why we got high doctors bills, it's so you people can pay off those loans. I'm interested psychologically—you're going to have a great debt I assume when you complete your college and medical training, et cetera. Psychologically, what has been the choice that has allowed you to pursue this career in the face of that; where do we come to the tipping point.

You decided not to stay a secretary; to become a doctor, recognizing the debt you were going to incur. What role did the financial aid play in that decision?

Ms. RILEY. In deference to what they have said, my goal is to complete my undergrad work without a loan and for very obvious reasons. I was at the Medical College of Milwaukee at Milwaukee yesterday, and loans from graduating medical students range from $30,000 to $102,000, so from my standpoint, these are invaluable to me.

My own situation is such that I'm living, like most students, day to day, trying to make ends meet just to stay in college. Without my Pell Grants, which have actually paid my tuition—that's what they have done—and the workstudy which has provided a means to continue to live, I would not have gotten this far. There is no way I could have done it because, in order for me to continue my education as a full-time student, which is necessary at my age, even to get into medical school, I can't take even a substantial part-time job and continue with the studies that I am.

So, they have been invaluable. In my testimony, I said that they have been my salvation and that's literally what they have been. Does that answer your question?

Mr. GUNDERSON. Um-hm. Yes. Just one question to both of you, and that is with regard to your academic requirements. It would seem to me the easiest way to make academic progress and still be eligible for loans would be to put a requirement that you'd complete so many credits. Kevin, you suggested that in your testimony.

The problem with that is how do we then deal with the parttime student?

Mr. BAY. Well, I was aiming at full-time students so I really haven't given that much thought. I know that GI bill, I think,

works on if they fall below 12 credits, they're cut a certain percentage of the entitlement and that maybe we could work something in the same way.

Mr. GUNDERSON. OK. Thank you, all.

Mr. SIMON. Thank you. This concludes our hearing.

[Whereupon, the hearing was concluded at 12:30 p.m.]

[Material submitted for inclusion in the record follows:]

ERIC

OFFICE OF THE CHANCELLOR

UNIVERSITY OF WISCONSIN
STOUT
MENOMONIE, WISCONSIN 54751

April 19, 1984

APR 30 1984

Representative Paul Simon
363 Cannon House Office Building
Washington, D.C. 20515

Representative Steve Gunderson
416 Cannon Office Building
Washington, D.C. 20515

APR 30 1984

Dear Pa[illegible]d Steve:

Than[illegible] for your willingness to schedule a hearing in Eau Claire on th[illegible]ucation Act. We at UW-Stout and UW-Eau Claire have followed [illegible] "assignment" you gave us to suggest needed approaches to dealing [illegible] problems of international students. Enclosed are some proposed programs which we feel would be of considerable help.

We would be pleased to work with you in designing or reacting to approaches to the problem.

Sincerely,

Robert S. Swanson
Chancellor

RSS/jrj

cc: Chancellor Emily Hannah, UW-Eau Claire
Assistant Chancellor, Elliott Garb, UW-Eau Claire
Robert Sather, Financial Aids Director, UW-Eau Claire
Vice Chancellor Face, UW-Stout
John Stevenson, Director of International Programs, UW-Stout
Kurt Kindschi, Financial Aids Director, UW-Stout

UNIVERSITY OF WISCONSIN-STOUT IS AN EQUAL OPPORTUNITY AND AFFIRMATIVE ACTION UNIVERSITY.

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OFFICE OF THE CHANCELLOR

UNIVERSITY OF WISCONSIN
STOUT
MENOMONIE, WISCONSIN 54751

TO: Representative Paul Simon
Representative Steve Gunderson

From: Robert S. Swanson
Chancellor
University of Wisconsin-Stout
Menomonie, Wisconsin 54751

DATE: April 19, 1984

RE: Suggested Revisions to Higher Education Act, Title VI, International Education

Providing access to post-secondary educational opportunities for international students has been a long standing tradition at UW-Stout, UW-Eau Claire, and other University of Wisconsin institutions. Establishing a forum in an educational environment for the exchange of ideas and information benefits the international student, the United States student and the institution.

Your Bill, H.R.5240, addresses the continued need for federal leadership at the postsecondary level by specifying in TITLE VI - INTERNATIONAL EDUCATION the need for a "Center for International Education" and a program promoting "Faculty and Student Study Abroad". While these programs are exemplary, there is one facet of the international education process that causes major trauma for the student, major fiscal considerations for the institution and serious support concerns for the community. That facet is the financial catastrophe which occurs when international students lose their financial support once they are in this country and enrolled at an educational institution. The reasons for these calamities vary from natural disasters, coup d'etats, monetary devaluations to fund mismanagement and abuse. Regardless of the reason, the affected student is left without resources, the institution is left without revenue for educational costs and often community organizations such as churches feel an obligation to help these students with food and clothing.

Chairman Simon, we request your attention to that third concern--development of a mechanism to assist students and institutions with access to financial resources during times of cash flow emergencies from home governments or sponsors. These resources would be available to allow for an orderly method of financial relief during these traumatic periods either to allow international students to continue with classes or to have resources available to enable them to return to their home country.

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The issues are twofold:

I. Short-Term - Loss of capital causes financial crisis situations.

- Relief to students, school and community is needed.

- Some assistance is needed when a country goes into fiscal default situations.

II. Long-Term - To insure long-term goodwill, "insured" subsidy of students is needed. School and community should not be liable for costs incurred if the home government defaults on financial obligations.

- Enable future students to study in this country with the satisfaction that, in event of changes in home circumstances, funds exist to bring existing accounts up to date and at least cover trip home.

- Allow future limited employment opportunities for students to experience job responsibilities and applications of classroom training. Also, jobs allow minimal revenue to be earned to subsidize personal/sponsor resources.

Resolution of these issues could possibly be accommodated by implementing any of the following suggestions. Please keep in mind these are only general thoughts to generate further discussion and not to address specific implementation procedures. We realize these ideas may not relieve the immediate problem of students being stranded on our campuses now but possibly similar situations will be averted as they arise in the future.

I. Direct U.S. Government participation

A. An Expanded A.I.D. program. This program maintains financial integrity by leaving both the participants and host institutions with the assurance that programmatic and support compensation will be made. An expansion of this program, possibly not only with developing countries but with developed countries as well, would be well received by institutions nationwide.

B. "Paul Simon Scholarship" Program. Henry Kissinger, in his report of Central American concerns, suggested bringing large numbers of young people to the U.S. from Central America to have them study in our universities. Qualified scholars would receive a subsidy sufficient to pay for their educational costs. This idea could be expanded into a unique international grant program parallel to the Pell Grant program. Recipients of these "Simon Scholarships" would present their award letters to the campus of their choice who, in turn, would "redeem" them for reimbursement from an appropriate federal agency. Because of the variation of educational costs throughout the country, certain limits could be established for redemption value. Colleges could provide certain "matching" funds if their costs exceed the federal reimbursement limit.

II. Governmental participation on a pro rata basis.

A. Establish a "Guarantee Fund". Have the federal government set aside an indirect cost allowance from federal assistance going to other countries that could be applied for by campuses or students when financial emergencies arise as a result of coup d'etats or natural disasters. These funds, possibly one to five percent of the federal assistance, could be used to subsidize living costs during those periods of insolvency, pay tuition delinquencies and possibly pay for transportation home.

B. International Student "Work-Study" Program. Provide federal matching funds allowing campuses to develop student employment programs exclusively for international students. This proposal would allow qualified applicants to earn additional funds to meet their educational expenses. It would be apart from the existing student aid programs where eligibility is limited to U.S. citizens and Permanent Immigrants.

III. U.S. government approval without capital outlay.

A. "Catastrophic Insurance". Implement a procedure whereby any student that enters this country for study or any country that allows their young people to study here must pay an amount that would be a percentage of their annual or aggregate costs towards an insurance plan (again, possibly one to five per cent). This plan would reimburse students or schools if "claims" were filed alleging that circumstances warrant a financial crisis prohibiting ready transfers of cash. A government office could be the "agent" and the depository for the "premium" payments.

B. Similar to A., but utilize a commercial insurer. Have private insurance companies initiate policies insuring compensation in cases of financial crises. Require that students show record of catastrophic insurance coverage before visas are initiated or renewed. Rates may have to be variable depending upon "rating" of country of origin. Many universities now require that a student has a health insurance policy.

IV. Modify legislation.
At the present time, regulations surrounding international student employment forbid any kind of employment outside of campus jobs. This is exceptionally restrictive and prohibits any capability of the students to help subsidize their educational expenses. Modifications in legislation should be implemented allowing students with F-1 visas to:

A. work off-campus during terms of enrollment, and;

B. work full-time during normal vacation periods (such as summers) at off-campus jobs.

These ideas are only a few of the many that could be reviewed to assist international students with emergency and long term financial concerns during their stay in our country. In our stable environment, we often fail to fully appreciate the precarious considerations of our international student population. It does not seem appropriate that we are acting as good hosts when we allow these guests admission to our country without the same financial protections we insist upon for our own citizenry.

ERIC Full Text Provided by ERIC

VITERBO COLLEGE,
La Crosse, WI, April 12, 1984.

Hon. PAUL SIMON,
Chairman of the Education and Labor Committee, U.S. House of Representatives, Washington, DC.

DEAR CONGRESSMAN SIMON: It was a pleasure to meet you at the hearing in Eau Claire last Saturday on the reauthorization of the Higher Education Act, and I was grateful for the opportunity to provide testimony.

With respect to one issue which you and Congressman Gunderson introduced into the question-and-answer period, I would like to do a bit of followup. In talking with Chancellor Swanson, you indicated your concern with institutional policies which served to discourage the application or enrollment of international students in American colleges. I share that concern, and I suspect that my ideas on this topic are quite compatible with your own.

On pages 4 and 5 of my complete testimony, which was entered in the record, and a copy of which is enclosed, I make a plea that the reauthorization Higher Education Act contain "programs to promote international education." I suggest that the Act could do this in four ways: (1) by providing an irresistible motivation for study abroad by American college and university system students; (2) by increasing support for bona fide international studies programs in all sectors of our country; (3) by encouraging the attainment of fluency by our college and university students in at least one foreign language; and (4) by creating innovative incentives for international students enrolled in English language programs and baccalaureate programs in our post-secondary institutions and for international student organizations on our campuses.

I was excited to hear your "what if" question regarding President Chernenko at Eureka College and President Reagan at Moscow University. I have asked the same kind of question to students myself. In this context, if it would be of any assistance to you to have the program ideas suggested in the paragraph above developed in further detail, please know that I would be happy to do so. I believe that promotion of international education is one of the important ways the quality of education can be improved in American colleges and universities. Two or three million international students on our campuses would also have a positive effect on excess capacity problems.

Again, I thank you for the opportunity to provide testimony to your Subcommittee on April 7 in Eau Claire.

Sincerely yours,

ROBERT E. GIBBONS, *President.*

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HEARINGS ON THE REAUTHORIZATION OF THE HIGHER EDUCATION ACT

TUESDAY, APRIL 10, 1984

House of Representatives,
Committee on Education and Labor,
Subcommittee on Postsecondary Education,
Washington, DC.

The subcommittee met, pursuant to call, at 9:33 a.m., in room 2175, Rayburn House Office Building, Hon. Carl D. Perkins (chairman of the full Committee) and Paul Simon (chairman of the subcommittee) presiding.

Members present: Representatives Perkins, Simon, Penny, Gunderson, Jeffords, and Petri.

Staff present: William A. (Bud) Blakey, staff director; Marsha Wice, legislative assistant; and John Dean, Republican assistant counsel.

Chairman Perkins. Today the committee is continuing its hearings on H.R. 5240, a bill introduced by Congressman Paul Simon, the chairman of the subcommittee. Mr. Simon's bill rewrites the Higher Education Act and includes many new provisions. I am interested in hearing our witnesses' views on that bill. We also have scheduled today a witness on adult education. Mrs. Alice McDonald, superintendent of education, Kentucky Department of Education, could not attend earlier hearings on adult education before the committee and so she is testifying today on the adult education act and on other related matters.

Is Alice here this morning? I don't see her.

Come around, Dr. Norfleet and Walter Blevins, State representatives. I'll take you as your names are listed here. And then we'll hear from Dr. Goodpaster, Dr. Hall, Dr. Jolly, Dr. Frazer, and Paul Borden.

Go right ahead, Walter. If you want to make some opening remarks before Dr. Norfleet, go right ahead. We are glad to welcome both of you gentlemen here.

STATEMENT OF HON. WALTER BLEVINS, STATE REPRESENTATIVE, COMMONWEALTH OF KENTUCKY

Mr. Blevins. Thank you, Mr. Chairman. Mr. Chairman and members of the subcommittee. I am very pleased to have this opportunity to testify before you today. I particularly appreciate the opportunity to voice my support for the continuation and expansion of Federal programs that provide postsecondary education opportunities in eastern Kentucky. I have benefited from the Federal

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student assistance programs—TRIO and Upward Bound in particular. I know the important role Congressman Perkins, my representative, has played in developing and protecting these initiatives.

My name again is Dr. Walter Blevins and I represent the 71st Legislative District, which includes Morgan, Rowan, and parts of Lawrence and Louis Counties. I am also a practicing dentist in Morehead, KY.

In 1966 while a student at Morgan County High School, I was recruited into the Upward Bound Program to which I went at Morehead State University. Through the program I received exposure to new opportunities and options of which I would have been unaware. The summer session, for example, gave me a chance to work in a biology laboratory which my school was lacking in and strengthened my mathematics and my science preparation. I was able to attend plays and other cultural events which I had not seen before. In the process I developed the self-confidence to know that I could do well in college. I was first in my family of seven to graduate from college.

The services that I benefited from in 1966 through 1968 remain important in my district today. You are aware, I am sure, that many of the residents of Kentucky and, eastern Kentucky in particular, are poor. Kentucky is ranked 46th in the Nation in terms of per capita income. As an example, in the high school which I attended, one half of the students now enrolled are from lower income families. The educational needs of my constituents are substantial: Forty-eight percent of the citizens of Kentucky who are over the age of 25 have not graduated from high school. In all of the high schools in my district over 40 percent of the students who began in the ninth grade do not complete the 12th grade. The rate of college completion in the State is only 60 percent of the national average. Yet Kentucky has only limited State resources to bring these problems. It's per-pupil expenditures rank 43rd in the Nation.

The TRIO Programs supplement local resources and provide deserving young people and adults a chance to lead productive lives in the jobs of their choice. In the seventh Congressional District, for example, two talent search programs at Morehead State University and at Pikeville College provide information about college, career planning, and student financial aid to around 1,500 students.

Without the talent search, many of these students might not know about Federal grant and loan programs and might not consider going to college. Despite this great need, two of the counties which I represented in the past are not served by talent search because of insufficient funds. One of these counties is Menifee County which ranks as the poorest county in Kentucky.

Upward bound programs such as the one that I attended at Morehead State University provide intensive support for disadvantaged young people while they are in high school. Its supports include counseling, tutoring and special summer classes. In my work with the Jaycees and the Morehead Optimists Clubs in their youth projects, I have come in contact with many young people who I feel could benefit from the upward bound experience. But only 200 in

the whole Seventh Congressional District are served each year by these two projects.

When Appalachian students do enroll in college, many require special support if they are not to become discouraged and drop out. That is why I am pleased that Morehead, Pikeville and the Ashland Community College each sponsor a special service project. Young people leaving isolated, rural communities and the support of their families to attend college benefit from the special counseling services provided.

Similarly, if disadvantaged students want to go into careers in science, mathematics or computers, many times they require tutoring or developmental classes to give them the background that their high schools, because of the limitations of the facilities, weren't able to supply.

Congressman Simon's bill, H.R. 5240, demonstrates his interest in expanding the opportunity for low-income and first-generation students and his recognition of the importance of the TRIO programs in doing so. I support his recommendation to raise the authorization levels for the TRIO program. I do object to the addition of the section 474(d)-2 to the TRIO subpart since by giving special service funding priority to minority institutions with high dropout rates, it will make it more difficult for special service projects at institutions such as Pifer College and Morehead State University.

These institutions have done an excellent job in serving the first generation and handicapped students and they need that continued support. Again, I appreciate the opportunity to testify before you today in support of H.R. 5240 and the TRIO programs. I would be happy to answer any questions that you might have at this time.

Chairman PERKINS. That was a very good statement Mr. Blevins. I think the committee pretty well understands it all. Do you have some questions, Mr. Simon? I understand that you were the one that requested his presence.

Mr. SIMON. I don't have any questions. I apologize, Dr. Blevins, for not being here for the first part of your statement. I understand you are an outstanding example of the very kinds of programs that we are fighting for right now and I appreciate your testimony and the leadership you are providing.

Mr. BLEVINS. Thank you very much. I am not the only student that has excelled in this Upward Bound Program. Many of the people that I attended Morehead State University with have gone on to become lawyers, teachers. I think there is even a physician and it's important, I feel, to bring this group of young people who are deprived because of just being in Appalachia and the isolation that many of us have found. Now Congressman Perkins has done much to alleviate that problem, but the problem is still there. There are still many poor people and many poor students who deserve a chance and I feel like upward bound—especially upward bound, because I am more familiar with it, gives that chance to those people.

Mr. SIMON. If I can just comment further. Not only in Kentucky, but all over this Nation, we are grateful for the leadership of Carl Perkins and he has lifted the opportunity for people everywhere and, in fact, the people you were just talking about—yourself and the lawyers, the doctors and so forth—they are going to end up re-

paying just in tax dollars many times over for what this Nation is investing in that educational opportunity. Is that correct?

Mr. BLEVINS. Oh, I am sure. Not only in tax dollars but in service to humanity and in service to this country.

Mr. SIMON. Thank you.

Chairman PERKINS. Mr. Petri, any questions to this gentleman?

Mr. PETRI. I would like to say that I appreciate you maintaining your interest in this program. Sometimes people benefit from something and then they walk on and take that benefit with them but they don't try to reinvest some of themselves in it so that others can benefit as well. I appreciate you taking time out of a busy schedule to come up here to Washington to testify.

Second, I hope that people in your part of Kentucky recognize what a leader Carl Perkins has been over the years in providing this sort of opportunity to people on a national basis. He's a great resource not only for Kentucky but for the whole country.

Chairman PERKINS. Let me ask you one question, Walter, and give us your best judgment on it. The administration is proposing a 50-percent cutback on the TRIO Program and assuming that that was to go through and Kentucky only received one-half of the money, how would that affect the TRIO programs in Kentucky since you have been through them?

Mr. BLEVINS. Well, I think it would cripple them beyond repair. I think you have to look at our State economy which is not in the best shape that's it's been in in a long time. We have depended on coal for much of our economic development and now coal is soft and we are having a tough time just keeping the educational opportunities that the State is responsible for. There is no way at the present time in the general assembly that we could come up with excess funds to pick up where the Federal Government is trying to leave off.

I am appalled that they would be trying to destroy programs of this nature at this time, especially with the economy in the shambles that it is today. We must reach out and help those young people and I think cutting this program by 50 percent is going to destroy the hopes and the dreams and the aspirations of many young people across this country.

Chairman PERKINS. Any further questions, Paul?

Mr. SIMON. Thank you, no.

Chairman PERKINS. Mr. Blevins, you stand aside and let me call all of the other witnesses around and we will withhold our questions until we get through. Come around, Dr. Goodpaster and Dr. Hall from Pikeville. Dr. Jolly, come around and Mr. Frazer, come around and Paul Borden. We'll switch that microphone back and forth so that you can all use it, even if you have to sit at the end there, Paul.

Go ahead, Dr. Norfleet. Speak out and pull that microphone up so everybody can hear you and let's move.

[Prepared statement of Dr. Morris L. Norfleet follows:]

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Prepared Statement of Morris L. Norfleet, President, Morehead State University, Morehead, KY

Introduction

Mr. Chairman, Members of the Subcommittee on Postsecondary Education, I appreciate the opportunity to appear before you to discuss the reauthorization of the Higher Education Act. I am Morris L. Norfleet, President of Morehead State University, Morehead, Kentucky. Morehead State University is a public institution of 6,500 students located in eastern Kentucky. The university serves primarily twenty-two northeastern and eastern Kentucky counties. Twenty-one of these counties are in Appalachia. Approximately 65 percent of our students receive some form of financial aid and it is anticipated that this percentage will increase next year.

My remarks will address the proposed legislation on the reauthorization of the Higher Education Act, which has been introduced by Congressman Paul Simon (D-IL), Chairman of the House Subcommittee on Postsecondary Education, and shared with me by Congressman Carl D. Perkins (D-KY), Chairman of the House Committee on Education and Labor. More specifically, I shall emphasize my concerns pertaining to student financial aid, special programs for students from disadvantaged backgrounds, and categorical aid as they relate to the students and programs at Morehead State University.

Before addressing these specific concerns, I want to commend Congressman Simon for the work he has done as Chairman of the Subcommittee on Postsecondary Education in support of higher education. I highly praise Congressman Simon's efforts to make a college education more affordable to low-income students. Congressman Simon's reauthorization bill is a very positive initiative in response to the issues outlined in the National Commission (on Excellence in Education) Report, "A Nation at Risk: The Imperative for Education Reform". I offer my continued support to reshape the reauthorization bill which will benefit higher education and particularly the students of eastern Kentucky.

Student Financial Aid

Pell Grant.—I support the proposed recommendations:

To convert the Pell Grant program to entitlement status,

To provide increased maximum awards based on the current Consumer Price Index, and

To establish parameters of the Family Contribution Schedule in statute

because it will be more advantageous to student aid recipients and to the financial aid community as a whole.

In the awards process, financial aid officers use the Pell Grant as the "foundation" student aid program. In other words, it is usually the first financial aid program used in creating a financial aid package for a student. As a result, all information regarding the Pell Grant must be in place before colleges and universities can begin the awards process (to include not only Pell Grants, but the campus-based programs) and in turn notify students of the financial aid for which they are eligible.

In recent years, the delays experienced by Kentucky institutions of higher education in receiving information regarding:

The Pell Grant family contribution schedules,

Cost of attendance guidelines,

Payment schedules, and

Program funding

have significantly hindered initiation of the awards process. Because of the lack of finalized information, students have not been notified of their financial aid awards until late June or July. This delay in the notification process has caused an extreme amount of anxiety on the part of students and parents. In some instances, students have decided not to attend Morehead State University nor other colleges in general because of the uncertainty of their financial aid.

There is a need to establish some semblance of a master calendar for the student aid delivery system. Such a mandated master calendar would allow the awards process to begin early enough for colleges and universities to provide timely notification of financial aid awards to students and parents. Those students who would not be adequately funded through the Federal student aid programs would then have time to pursue other avenues of funding. Furthermore, a pre-set master calendar for the delivey of student aid would allow financial aid offices an opportunity to make their master calendar more sensitive to the needs of students and parents.

An increase in the maximum Pell Grant awards will probably lead to a reduced dependence on loan money by the extremely needy student. This, in turn, could lead

to reduction of default and delinquency rates within the loan programs. [It is currently possible for an undergraduate student to incur $18,500 plus interest in loan debts for a college education. This represents $6,000 at 5 percent interest for National Direct Student Loans (NDSL) and $12,500 at eight percent interest for Guaranteed Student Loans (GSL)]. Furthermore, increased maximum limits for Pell Grant recipients could free other Title IV and institutional aid funds for students who may not qualify for Pell Grant funds, but may still have need and may qualify for some form of campus-based aid. However, if Pell Grant maximums are increased as proposed, it follows that adequate funding must be provided to allow for the increase. If limits are increased and funding levels remain the same, significant numbers of currently eligible students would not receive Pell Grant awards because of inadequate funding.

Also, modifying the current half-cost limitation on Pell Grant awards, to allow up to 75 percent of tuition costs plus an allowance for expenses, would probably result in greater monetary awards for most eligible Pell Grant recipients. The standard cost allowance (other than tuition and compulsary fees) breakdown suggested by Congressman Simon of:

$1,200 for students residing with parents,
$1,600 for students residing off campus other than in parents' home, and
$2,000 for students residing in school-owned housing

is probably unrealistically low particularly for the two categories of students living off campus. A more realistic figure for all students would be $2,000. In my opinion, the cost of living allowance is basically the same regardless of where the student resides.

Additionally, a more equitable balance between grants and loans might be realized. Higher cost institutions would certainly benefit more than lower cost institutions from the proposed change since students at higher cost institutions would receive larger Pell Grant awards.

Finally, implementation of this change would certainly cause the cost of the program to increase sharply, particularly if a $3,000 maximum award is established initially and is adjusted to reflect Consumer Price Index (CPI) increases. Therefore, assurances would have to be provided in the legislation for adequate initial and continued funding.

Campus-based block grants.—The concept of replacing the Supplemental Education Opportunity Grant [SEOG], National Direct Student Loans [NDSL], and State Student Incentive Grant [SSIG] with a Campus-Based Block Grant would appear to provide greater institutional flexibility in making awards while lessening regulatory burdens and complex fund distribution formulas. Admittedly, the regulatory requirements and distribution formulas are burdensome and complex and definitely need to be simplified. However, in developing the block grant concept into an administratively functional student aid program, there are some points that merit additional thought and consideration. For example, in the December, 1983 proposed concept paper on the Higher Education reauthorization, the following two statements were listed: "Preference for grants to students who demonstrate exceptional need; and demonstrate financial need in accordance with the uniform methodology."

Current regulations list "financial need" as an eligibility requirement for campus-based student aid programs. "Financial need" is generally defined as the difference between the estimated cost of attendance at an institution and the total family contribution as determined through accepted uniform methodology criteria. There is no definition of "exceptional need". If preferential treatment for funding from the campus-based block grant program is to be afforded to students with "exceptional need", the term must be clearly defined in the regulations so financial aid officers will have objective criteria to make awards.

The State Student Incentive Grant (SSIG) program requires states to match Federal program funding on a dollar-for-dollar basis. During the 1983-84 academic year, Kentucky received appoximately $950,000 in Federal funding for the SSIG program. Fortunately, for Kentucky students, the state was able to overmatch the federal allocation by approximately four to one.

During the 1983-84 academic year, 1,174 Morehead State University students received approximately $306,000 in State Student Incentive Grant [SSIG] funds for an average of $261 per student.

If the Federal portion of the SSIG funding is provided directly to colleges and universities instead of to the state, the Kentucky SSIG program would probably continue at a lesser level. However, in states that can only match on a one-to-one basis, there is a strong possibility that withdrawal of Federal funds from the state agencies would result in virtual collapse of existing state programs. In turn, this would result in a significant reduction of student aid funds. I strongly urge serious consid-

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eration be given to the process of determining which existing programs would be terminated in favor of the block grant concept.

Guaranteed student loans.—Although the 5 percent origination fee charged against the face value of Guaranteed Student Loans (GSL) was created as a short-term savings for the GSL program, it was instituted at the expense of the student. For example, the student who is approved for a $2,500 GSL actually receives $2,375 less the insurance fee. Furthermore, the student in this example would have to replay the entire $2,500.

During the 1983-84 academic year, Morehead State University students actually lost over $116,500 in student aid funds as a result of having the 5 percent origination fee deducted from the face value of their Guaranteed Student Loans (GSLs).

Therefore, any move to eliminate the 5 percent origination fee would garner significant support from the higher education community.

Restoration of the loan consolidation concept is absolutely necessary as a part of the effort to reduce default rates and bankruptcy declarations. In recent years, it has become necessary for many students to obtain funds from more than one loan source to defray rising educational costs.

During the 1983-84 academic year, approximately 250 Morehead State University students found it necessary to borrow from both the National Direct Student Loan [NDSL] and Guaranteed Student Loan [GSL] programs.

In so doing, the students were placed in an extremely complex repayment situation. The probability of a student repaying more than one type of student loan will be much higher if they have the opportunity to consolidate loans and make one payment on a regular basis. Furthermore, authority to consolidate student loans for repayment purposes should be reinstated and expanded beyond the Student Loan Marketing Association [Sallie Mae] to include state agencies and private lending institutions. Postsecondary institutions should not be required to administer a consolidation program, but should be permitted to have loans become a part of a consolidation program.

The proposal to make GSL and Auxiliary Loan to Assist Students [ALAS] program interest rates sensitive to the fluctuation of T-bill Rates has positive and negative points. On the one hand, removing the requirement for legislative action each time the interest program as a whole. On the other hand, frequent changes in the interest rates will cause colleges, universities and lenders problems in updating consumer information and reprinting promissory notes to reflect current rates. Furthermore, it will be difficult to maintain any degree of efficiency and program integrity in the collection process. Therefore, any proposal tying GSL and ALAS interest rates to T-bill rates should provide sufficient time to allow lending agencies, colleges, and universities to make the necessary administrative adjustment to protect program integrity.

Under the current GSL program, applicants with family income of $30,000 or less do not have to demonstrate need to qualify for a GSL. The majority of GSL recipients in the $30,000 and under category are using the GSL to meet a combination of remaining need and family contribution in an amount up to their cost of attendance or $2,500, whichever is less. Since students in this income bracket are able to use the GSL to meet remaining need and at the seme time assist with family contribution, it has been most convenient and helpful to the student and financial aid officers because only one application with one set of criteria is required.

Congressman Simon's proposal requiring all GSL applicants, regardless of family income, to undergo a needs test will eliminate the use of GSL funds for family contribution. However, he also proposes the creation of a separate unsubsidized GSL program for parents which requires another application form and another set of criteria. As a result of this proposal, very little savings will be realized. It is unnecessary to create another program to provide existing services. Furthermore, financial aid offices are already overburdened and understaffed.

Currently, approximately 65 percent of the Guaranteed Student Loan [GSL] applicants at Morehead State University are using the GSL to meet remaining need and family contribution. To date, Morehead State University has processed over 1,600 GSL applications for the 1983-84 academic year.

If students using GSL for remaining need and family contribution had to complete two different applications (as is implied in the Simon concept paper on reauthorization of the Higher Education Act), the financial aid office would have an additional 1,100 GSL applications to process which would require additional staff. Given the current budgetary situation in our state government and the absence of administrative cost allowance for GSL, additional staff for the financial aid office is not possible.

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Increasing the GSL loan limits from $2,500 to $3,000 per year for students and ALAS loan limits from $2,500 to $5,000 per year for parents will funnel more money into the Title IV student aid programs. It will also contribute to higher default and delinquency rates and will increase student indebtedness. This seems to contradict other language outlined in Congressman Simon's proposal which addresses the reduction of student indebtedness and default and delinquency rates.

College work study—The College Work Study [CWS] program provides eligible students with opportunities to earn money to defray educational expenses while gaining practical work experience geared to academic interest.

During the 1983–84 academic year, approximately 1,300 Morehead State University students earned $970,000 from College Work Study.

The proposed modification of the College Work Study funding formula includes the elimination of the state allotment portion from the law. The criteria for funding proposed by Congressman Simon is more realistic and would better reflect the needs of students and institutions.

SPECIAL PROGRAMS FOR STUDENTS FROM DISADVANTAGED BACKGROUNDS

Since 1966, when the Upward Bound Program was begun under the auspices of the Office of Economic Opportunity, Morehead State University has been proud to host the Trio Programs. In 1968 and 1971, when Educational Talent Search and Special Services were authorized, the University requested and received funding. Since those dates, Morehead State University has been funded to provide services which assist low-income students in breaking the poverty cycle. The results, in each case, have been impressive.

Students in the Upward Bound and Talent Search Programs at Morehead State University, who are predominately low-income and first-generation college students, enroll in postsecondary institutions at higher rates than those students at all levels of income and ability in the state of Kentucky.

Likewise, Special Services students at Morehead State University (MSU) who have two strikes against them in terms of low-income and lower than the mean ACT scores (when compared with other MSU students) persist and graduate at rates equal to or better than those of other MSU students.

Our success in helping students to graduate with a college education and job skills has been doubly rewarding because in many cases the "spin-off" effect has encouraged brothers and sisters, and even mothers and fathers to enroll in postsecondary education.

I support the changes proposed for the Trio Programs and am confident they will enhance the services which are provided to students. Those changes, to which I refer are: prior experience points, increase in authorization levels, and decrease in matching funds for Educational Opportunity Centers [EOC]. My observations regarding each of those points are as follows:

1. The prior experience points will equal at least 15 percent of the total possible points awarded to existing Trio Programs based on the level of their performance. This will recognize and reward quality management and performance and will provide for uninterrupted service to students in those programs.

2. The increase i[illegible]horization level from $225 million to $600 million during the period from 1986 [illegible] has the potential to assist in overcoming the erosion of funds due to inflat[illegible] to increase the number of students who can be served.

Since 1980, Trio has lost 28 percent of its funding in real dollars when the figures are adjusted to reflect increases in the consumer price index. In 1980 dollars, the 1984 funding level of $164.7 million is worth $118.6 million. In order to serve the same number of participants in 1985 as were served in 1980, a funding level of $190 million is needed. The proposed legislation to raise the current authorization level to $225 million in 1986 and to increase each year until a level of $600 million is reached in 1990, will restore the funding lost through inflation and permit services to be provided for more students.

The need for increasing services to low-income students is critical if low-income students are to have access and equity in postsecondary education. In 1981, the national Educational Talent Search and Educational Opportunity Center projects assisted 327,809 low-income youth and adults with financial aid and admission information. Project placement records indicate that 20 percent of Black and Hispanic college freshmen received assistance from such projects.

In recent years, however, there has been a decline in the enrollment of low-income and minority students. Some speculate that this is due to the real or perceived problem of lack of financial aid. Nevertheless, from the historically Black institutions to the Colonial Colleges, the decline in enrollment trend is apparent.

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The increases in authorization levels will aid in overcoming losses in funding due to inflation and will increase student participation in the programs. Through the joint efforts of Congress and institutions, services can be provided which will reverse the trend toward lower enrollment of minority and low-income students.

3. The *decrease in matching funds* from 25 percent to 10 percent *for Educational Opportunity Centers* will provide greater equity among the TRIO programs and will encourage more institutions to consider hosting Educational Opportunity Centers. These Centers provide valuable services to low-income adults who never entered or who dropped out of college to have another chance at postsecondary education and job skills.

CATEGORICAL AID

It is very apparent that institutions of higher education cannot qualify for support under every title of the Higher Education Act and Morehead State University is no exception. Since our participation in the categorical aid portion of the Higher Education Act is somewhat limited because of our institutional mission as a regional, state-supported university, I shall only highlight those programs which have potential to improve the quality of education for our students.

Teacher preparation.—The proposed Teacher Education, Professional Development, School-College Partnerships, and Research on Evaluation programs would benefit the Kentucky colleges, universities, and public schools. Grant programs earmarked for schools of education would enable them to introduce necessary technologies (computer literacy) for tomorrow's teachers. However, I urge you to expand this part of the act to include the acquisition of equipment. We cannot bring about necessary curriculum changes without Federal funds to replace obsolete equipment and to purchase new equipment. Although there are some curriculum improvements which can be made without addressing the critical need for equipment, a requirement of computer literacy, for example, cannot be implemented without adequate computer equipment.

With the current emphasis being placed on public education by state legislation, our School of Education must reassess its teacher education program. To continue upgrading and improving the quality of this program, we will still be dependent on Federal support for research, faculty improvement, curriculum development, and equipment for the next several years. Therefore, I am recommending that Teacher Preparation be expanded to include the acquisition of equipment at a level substantially higher than the proposed $2 million. It is further recommended that grants have a fixed equipment cost of at least 10 percent of program awards. This would assure that the intent of these programs would be implemented while giving colleges and universities an opportunity to address their critical need for equipment.

The implementation of a merit-based scholarship program (Carl D. Perkins Scholarships) for high school graduates would provide an excellent incentive to attract the brightest students to teaching. This program has my fullest endorsement.

International education.—There is definitely a need to address the problem of international illiteracy on college campuses.

The international enrollment at Morehead State University has doubled over the past five years, and has created a real need for faculty and students to broaden their training and exposure in international affairs.

The proposed international education recommendations would provide opportunities for faculty research and study abroad, undergraduate exchange, and group projects abroad. The recommended funding approach (Institutions with FTEs of 1,000 or more would receive grants equal to $15 per student, and those with FTEs of 500–1,000 would be eligible for grants totaling $15,000) for institutions of higher education for the purpose of teacher study abroad is very equitable. Thus Morehead State University would be eligible for an institutional award to support faculty research and study abroad which we have done sparingly because of the lack of funds. To further enhance faculty involvement, it would be highly desirable to have all faculty members eligible for the faculty abroad program and not restricting participation to any specific teaching discipline.

I further support the proposed institutional grant program to provide assistance to undergraduate students engaged in study abroad. This would give students an opportunity which otherwise is not available to them.

Endowment Development.—This program will reduce the need for Federal funds, but it is difficult to determine to what degree. It should never replace the continued need for Federal support of the student aid programs. However, an institutional endowment would greatly assist an institution in keeping abreast with changing tech-

nology through support of faculty development programs and acquisition of equipment. I urge the establishment of this new title as part of the reauthorization bill.

Lastly, the present language of the proposed Higher Education Act refers to underprivileged, disadvantaged, low-income youth. Appalachian students fit this description; however, the language does not identify Appalachian youth as a special need group as it does with Mexican American, Hispanic students, etc. I believe that Appalachian youths are more underprivileged, disadvantaged, and in greater need of assistance. If the language in the Higher Education Act specifically identifies Appalachian youth as a targeted group, it would definitely increase their educational opportunities.

SUMMARY

In summary, I foresee additional opportunities for Morehead State University and eastern Kentucky through reauthorization of the Higher Education Act. Again, I compliment Congressman Simon for his efforts and for the direction he is following with the reauthorization bill. It is certainly a step in the right direction for higher education. I believe the proposed bill will simplify the delivery of student aid, provide more flexibility to individual institutions and address some important national issues such as teacher training. Without your strong support in these areas, fewer students from eastern Kentucky, the State, and the Nation will attend college.

I appreciate this opportunity to share with you some of our concerns about the reauthorization of the Higher Education Act. Thank you for permitting me to appear here today.

STATEMENT OF DR. MORRIS L. NORFLEET, PRESIDENT, MOREHEAD STATE UNIVERSITY

Dr. NORFLEET. Thank you, Mr. Chairman, and to you as members of the committee, Mr. Simon and Mr. Petri. It's a pleasure for me to have the opportunity to be here to present information on the Higher Education Act of importance to Morehead State University, to eastern Kentucky and to Kentucky in general and this Nation.

I would just like to give you a little background on Morehead State University. Morehead State University is located in the Seventh Congressional District. It's a regional university, a part of the State university system with 6,500 enrollment with about a $35 million budget. We had one of the first Upward Bound programs in the Nation on our campus and I think it is rather significant, Congressman Simon, today that the young man I recruited into the Upward Bound program in 1966 when I was the director is Representative Blevins. So I guess this would probably be a first when the first director and one of the first students are appearing in a testimonial situation such as this.

I can very well remember the day I went to his high school to talk to him about being a part of the Upward Bound program at Morehead State University.

Sixty-five percent of the students who attend Morehead State University receive some form of financial aid. Therefore, the higher education bill is the most significant bill affecting our institution that we have today. I have been acquainted with the legislation and hearings as far back as 1966 so I have seen the evolution of what we have today through the years. To you, Congressman Simon, I commend you on your effort to try to make education available to more low-income students through what you are proposing today and through this particular section.

I think the reauthorization strikes at the heart of what is mentioned in the "Nation at Risk" in trying to correct some of the problems that are very vividly spelled out in that document. I would like to emphasize some specific concerns pertaining to the

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Higher Education Act as they relate to Morehead State University students and to programs there.

First of all, the student financial aid program is a very significant one; special services for students and disadvantaged and, categorical aid will be the three main areas that I will address. But first let me talk about student financial aid.

When the student financial aid first started with the College Work-Study Program and other components I thought the College Work-Study Program was one of the most significant things that had been developed for a long period of time. However, the College Work-Study Program could not meet all of the needs of the students and we did not have enough opportunities on some campuses to provide Work-Study positions for students. Therefore it necessitated a grant program such as the Pell grant.

I support the Pell Grant Program and the proposed recommendations such as conversion of the Pell Grant Program to entitlement program and to provide maximum increased awards based on current Consumer Price Index and to establish parameters for the family contribution schedule in the statute.

The Pell grant forms the foundation for all other student financial aid programs and the financial officers will start with that and build from that point. There are some problems with the administration of the current Pell Grant Program that I would like to address and it would be very helpful if those administrative procedures could be cleared away as a result of hearings on the financial aid portion of this bill.

First of all, there is a delay in receiving information on the Pell grant family contribution schedule, also the cost of attendance guidelines, program schedules and program funding. Students then are not in a position to receive word on their financial aid status until June or July before they are hoping to enter into college in September or August, whichever the date may be. As a result of this delayed notification, some students get discouraged and the individuals getting discouraged are those who need the help the worst and have the most uncertainty about their college careers and their futures in higher education.

So they are easily discouraged, and when that delay comes the families are uncertain. They say, "Well, I better get out here and try to get a job." We know for a fact that many students have made a decision not to attend our institution because of these delays. We would later get the information and they would say, "Well, I have already decided to do something else." So I think it's important that a master schedule be set up and a student aid delivery system be developed so that we can alleviate those very critical problems. When this is done on a national level the institutions then can set up a master calendar to assist their students in counsel with them in terms of what they need to do.

I support the increase in the maximum Pell grant awards which will make the following impact. Reduced dependence on loan money by extremely needy students. I want to really zero in on that particular point. We are leading some of our young people down a primrose path that's leading into catastrophe. I do not believe in getting young people in debt as much as we are getting them in debt at this time.

Let's take for example, if a young couple, a boy and a girl, starts to college getting the maximum financial aid. Each individual could get about $18,500 in our institution. The two fall in love at the senior level, they marry, they graduate with a debt of about $37,000 just to pay for the college education alone. If they buy a house—say, a $40,000 house, a $10,000 car, they are $90,000 in debt in the beginning of a young, married life. I think that's bad. I think it's having a sociologic, sociological, and a psychological impact on young, married couples that is devastating to our society.

I think we should try to control what they would borrow, but yet, meet their needs. I think this needs to be looked at very carefully to see what can be done and also free up other title IV moneys for students who may not qualify for Pell grants. With the increase in the Pell grant situation, that will help. Adequate funding must be provided, not just an authorization.

So I hope appropriations follow authorization in this total act.

The next point that I would like to make is that I would like to support the modifying of the current half-cost limitation on Pell grant awards to 75 percent of tuition costs, plus allowance for expenses. I have a question though about the different scale contributions that you have—$1,200, $1,600 and $2,000—according to whether the student lives with his parents or is off campus or lives on campus. I really feel that this should be examined carefully and maybe one amount established of $2,000 for all students because I find there to be very little difference in the actual cost in most of the institutions that I am acquainted with in terms of the contributions a student has to make.

I am also supportive of the campus block grants. The concept of replacing the individual grants with a total block grant will simplify the administration on a local campus situation and enable us to meet exceptional needs. However, there must be a very clear definition developed of what exceptional need means and what it really is and how you apply it. Unless that is done, you will get all kinds of variances and cause problems across the country.

The other point that I would like to make is if some States cannot match the 1-to-1 basis—in the State of Kentucky alone and in Morehead, we granted 1,074 students SSIG grants and we received $306,000. Now we are fortunate in Kentucky because the State has made it possible through the efforts of Paul Borden and others to match at about a 4-to-1 basis and this has been very good for us but in States where that is not the case the possibility exists of even losing programs.

In terms of the guaranteed student loans, I support the elimination of a 5-percent origination fee. At Morehead State University, if a student gets a $2,500 loan, he actually only gets $2,375 but it's credited to him at $2,500. So students at Morehead State University lost $116,500 that they could actually use for their education as a result of the origination fee. I support the consolidation of student loans for repayment purposes. I personally feel that this will reduce the default rate markedly and also the bankruptcy declaration.

At Morehead State University, we have 250 students who borrowed from the NDSL and the GSL programs combined. This places a student in a very complex repayment situation. Any pro-

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posal tying the GSL and ALAS rates to the T-bill rates should have a built-in time schedule that would permit the universities and lending institutions to adjust to that; otherwise it will be very difficult to make the necessary adjustments for the repayment schedule.

I do not support the creation of a separate GSL program for parents to help family contributions.

Chairman PERKINS. Let me suggest, Dr. Norfleet—we have got every problem in the world before us. We have got to have everything out of this committee here by May 15 and we are on the floor and in committees and see if you can summarize your statement in the next 10 minutes or so because we all want to give everybody a chance.

Dr. NORFLEET. Give me 5 and I'll do it.

Chairman PERKINS. All right. And then we'll interrogate everybody. Go right ahead. We don't want to cut you short, but we want to make sure that we get through here to take care of other things today.

Dr. NORFLEET. The reason I make the statement about separate needs analysis is at the present time we have already analyzed 1,600 GSL applications for the fall semester. If we had to make this additional needs analysis that would have required us looking at 1,100 additional applications and we would have been required to put on an additional staff to do this and we do not have money to support it at the present time.

I have already addressed the College Work-Study Program. I will just touch lightly on the Special Services Program. I cannot understand why the administration would want to cut the TRIO programs. What are these young people to do if not given an opportunity for an education? Where are they to go? Are we going to cast them aside? Are we not going to provide for their future? Do we not have a commitment to the young people of this country?

I think it comes down to that basic question. Where are our priorities? Yes, I agree that military defense and national defense is very critical but at the same time you cannot have national defense without a good, educated populace. And that's what the TRIO program tends to do.

In terms of categorical aid, I want to address the teacher preparation component. I think this is a fine addition and it strikes at the heart of some of our problems in educating our young people today—getting more money in the hands of the universities to help build teacher education programs. The enrollment in teacher education programs has dropped at our institution very drastically. I was director of student teaching in 1965, placing over 365 student teachers. In the fall semester last fall at Morehead State University, we only had 85 young people going into teaching. So we are at a very dramatic, decreased level of teacher preparation.

There is a particular need and that's in terms of the money available for institutions of higher education to renovate, upgrade buildings and meet the changing of technology needs and equipment. We just cannot keep abreast of this with our current appropriations level. We have a 1.8 percent increase in our budgets in higher education in the State of Kentucky and that will not enable me to maintain our institution at the level that it has been in the

past. We have cut programs. We have cut on every side and unless we get some relief from the pressure of decaying buildings, need for renovation, need for upgrading the technology, we will be in a decline that we cannot turn around without massive pumping of money into higher education.

The final point that I would make is that I think there should be a special category of students declared for the Appalachian youth as underprivileged, disadvantaged, the same as Hispanic or other categories that we have developed. I cannot differentiate between the needs, the pressure of the different cultural groups in my mind.

I support the language of the Higher Education Act specifically to identify Appalachian youth as a target group.

In summary, I believe the bill will simplify the delivery of student aid, provide more flexibility to individual institutions in meeting the needs and address important national issues such as teacher education.

Thank you, Mr. Chairman. I appreciate the opportunity of appearing before you.

Chairman PERKINS. Thank you.

Without objection, all of your prepared statements of all of the witnesses will be inserted in the record.

Our next witness is Dr. Robert Goodpaster, director of the Ashland Community College. Go ahead, Dr. Goodpaster.

[Prepared statement of Dr. Robert Goodpaster follows:]

PREPARED STATEMENT OF ROBERT L. GOODPASTER, DIRECTOR, ASHLAND COMMUNITY COLLEGE, ASHLAND, KY

Mr. Chairman, the Kentucky community colleges welcome this opportunity to comment on this very important legislation to update the Higher Education Act. We warmly commend you, Congressman Simon, for the comprehensive and persistent way you have gone about engaging the college community in this process.

On the whole, we think you have written an outstanding bill. You can count on our vigorous support of your efforts to renew and strengthen the student aid titles, including Cooperative Education—and most particularly to increase Pell Grants to overcome the erosion imposed on the program by inflation. Making Pell Grants an entitlement would be the best step that could be made to simplify and improve the student aid program.

Permit me to concentrate my brief testimony on one specific policy gap which we see as bringing increasing tensions and hardships upon the community and technical colleges.

Mr. Chairman, one of the changing realities of American education is not being addressed effectively by existing federal policy, and we really look to you and your Committee for the initiatives by which it can be best approached. What we are talking about is the continuing shift of technician training into postsecondary programs, and most notably in community college programs which ensure their graduates the benefit of college credit wherever feasible which can be applicable to their latest career development and personal growth.

In most States, the community and technical colleges have become the principal delivery system for postsecondary skill training below the baccalaureate level, outside industry's in-house training. And the programs which employers are placing with community colleges, and which are tailored to specific skill needs, are proliferating rapidly.

As other community college witnesses have testified before your Committee, the number of two-year college students who are taking occupational programs for credit now runs in the realm of 3.5 million—a number greater than the total enrollment of any other single segment of higher education. The vast majority of these students are working adults, who are in need of convenient, low-cost recurring training to either change or upgrade their job skills.

Various economic and demographic forces feed this trend. Three may be paramount: (1) Students are less willing than they may have been a generation ago to

make hard career choices at ages 16 and 17; often they want to test their personal interests in the adult world, in early employment, and in college work, before they settle down to serious career choices, and so they wind up delaying their career choices until they enroll in mid- or late-20's in a community college. (2) Growing numbers of adults need recurring skill development in order to ensure their continued employability. (3) Growing numbers of employers are finding that their needs in employee development can be met more economically and comprehensively by community colleges than by their maintaining their own training departments.

Passing recognition of the growing significance of community college skill training and retraining is made in the report of your Committee on the new Vocational Technical Education Act, H.R. 4164. It observes:

"The numbers of adults enrolling in occupational training has grown dramatically since the Vocational Education Act was last rewritten, and these numbers continue to grow steadily, as global industrial and economic competition and emerging technology put more and more pressure on our own workforce for increasingly advanced jobs skills and for increased productivity. In many States, the community colleges are reporting long waiting lists for high-skill programs, for which there is also significantly high placement in business and industry. It is the intent of the Committee that the community, technical and junior colleges shall be equitably considered by State agencies when implementing the postsecondary setaside, in order to ensure the learners the highest degree of career mobility and potential for later advancement from the courses which they complete."

But the hard fact is that existing federal programs are not responsive to this trend in an equitable or realistic degree. If Congress is going to expect the American workforce to receive the quality training it needs to hold its edge in global competition, then this trend has to be addressed. If the Vocational Technical Education Act is not the best vehicle to give community colleges the help they need to properly serve the working adults' demand for advanced skill development, and to maintain and improve the quality of their programs, then perhaps a title of the Higher Education Act could be devoted to this challenge. Perhpas Title I could be refocused to support this largest of higher education markets.

Let me emphasize, Mr. Chairman, that our colleges appreciate the new sections you have added to Title II of the Vocational Technical Education Act—Parts D and E. If funded at levels that will make them effective, these programs—developing as they will postsecondary partnerships with industry in high-tech fields and better services for the adult populations that need new skills—may prove a significant step toward relieving the mounting pressure on community and technical colleges for expanded occupational programs. The federal deficits would appear to make that a big "if."

On the other hand, delivering state-of-the-art in our technician programs is indeed a tall order. Giving the American workforce the skills it needs to stay out front against the rapidly advancing global competition is more than "education as usual." Much, much more. We would like to see Title I of the Higher Education Act focus on the institutional development needed to meet this challenge. It could well become the most significant program in the Act, other than student aid, if it were devoted to helping colleges give working adults the same mainstream programming they give to their full-time students, i.e., making the institutions just as responsive to part-time students as they are to the full-time students.

In summary, Mr. Chairman, I think you can see the squeeze that the community and technical colleges find themselves in. In most States, they do not begin to receive a share of the VEA funding that would be commensurate with the demand for occupational programs they are expected to meet, and they are striving to serve; and yet there is no other established program to which they can turn for support in delivering the levels of service that the national quest for greater productivity calls for. Kentucky is a good example of this. There may be the vague assumption at work in various quarters that since the community colleges are continuing to grow, that automatically means that they are doing well resource-wise and that they can take care of their own needs. That is hardly a realistic view—and more important, it fails to capitalize on the community colleges' potential for increasing the efficiency and employability of the American workforce.

We thank you again, Mr. Chairman, for this opportunity to present our views.

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STATEMENT OF DR. ROBERT GOODPASTER, DIRECTOR, ASHLAND COMMUNITY COLLEGE

Dr. GOODPASTER. The Kentucky community colleges welcome this opportunity, to comment on this very important legislation to update the Higher Education Act. We warmly commend you, Congressman Simon, not only for your excellent and very worthy comments concerning our chairman, Congressman Perkins, but we commend you for the comprehensive and persistent way you have gone about engaging the community college in this process.

On the whole, we think you have written an outstanding bill. You can count on our vigorous support of your efforts to renew and strengthen the student aid titles, including cooperative education and most particularly, to increase Pell grants to overcome the erosion imposed on the program by inflation.

Making Pell grants an entitlement would be the best step that could be made to simplify and improve the student aid program.

Permit me to concentrate my brief testimony on one specific policy gap which we see as bringing increasing tensions and hardships on the community and technical colleges. Mr. Chairman, one of the changing realities of American education is not being addressed effectively by existing Federal policy and we really look to you and your committee for the initiatives by which it can be best approached. What we are talking about is the continuing shift of technician training into postsecondary education and most notably, in community college programs which ensure their graduates the benefit of college credit wherever feasible, which can be applied in their later career development and personal growth.

I recognize in Kentucky that we have made tremendous gains in the articulation agreements on some programs where those credits are applied to the baccalaureate degrees and to the associate degrees. In most States the community and technical colleges have become the principle delivery system for postsecondary skill training below the baccalaureate level and outside industries, in-house training and of programs which employers are placing with community colleges and which are tailored to specific skill needs are proliferating rapidly.

As other community college witnesses have testified before your committee, the number of 2-year college students who are taking occupational programs for credit now runs in the realm of 3½ million, a number greater than the total enrollment of any other single segment of higher education. At our college, over half of the enrollment would be in those programs.

The vast majority of these students are working adults who are in need of convenient, low-cost, recurring training to either change or upgrade their job skills. Various economic and demographic forces feed this trend. Three may be paramount. One, students are less willing than they may have been a generation ago to make hard career choices at ages 16 and 17. In our case, over 37 percent of our students are over the age of 25 and 62 percent of the enrollment are females.

Often, they want to test their personal interest in the adult world in early employment, in college work, before they settle down to serious career choices and so they wind up delaying their

career choices until they enroll in the mid or the late twenties, and even thirties and forties, in a community college.

Growing numbers of adults need recurring skill development in order to ensure their continued employability. We are seeing people with baccalaureate and master's degrees come back and take associate degrees programs in order to gain employment.

Growing numbers of employers are finding that their needs in employee development can be met more economically and comprehensively by community colleges than by their maintaining their own training departments. Passing recognition of the growing significance of community college skill, training, and retraining is made in the report of your committee on the new Vocational-Technical Education Act, House Resolution 4164. It observes, and I quote,

> The numbers of adults enrolling in occupational training has grown dramatically since the Vocational Education Act was last rewritten and these numbers continue to grow steadily as global industrial and economic competition and emerging technology puts more and more pressure on our own work force for increasingly job skills and for increased productivity. In many States, community colleges are reporting long waiting lists for high-skill programs, for which there is also significantly high-placement rates in business and industry. It is in the interest of the committee that the community, technical, and junior colleges shall be equitably considered by State agencies when implementing the postsecondary set-aside in order to ensure the learners the highest degree of career mobility and potential for later advancement in the courses which they complete.

and I close the quotation.

But the hard fact is that existing Federal programs are not responsive to this trend in an equitable or realistic degree. If Congress is going to expect the American work force to receive the quality of training it needs to hold its edge in global competition, then this trend has to be addressed. If the Vocational-Technical Education Act is not the best vehicle to give community colleges the help they need to properly serve the working adults' demand for advanced skill development and to maintain and improve the quality of their programs, then perhaps a title of the Higher Education Act could be devoted to his challenge.

Perhaps title I could be refocused to support this largest of higher education markets. Let me emphasize, Mr. Chairman, that our colleges appreciate the new sections you have added to title II, the Vocational-Technical Education Act, parts D and E. If funded at levels that will make them effective, these programs, developing as they will, postsecondary partnerships with industry in high technical fields and better services for the adult populations that need new skills may prove a significant step toward relieving the mounting pressure on community and technical colleges for expanded occupational programs.

The Federal deficits would appear to make that a big "if." On the other hand, delivering state-of-the-art technician programs is, indeed, a tall order. Giving the American work force the skills it needs to stay out front against a rapidly advancing global competition is more than education as usual—much, much more.

We would like to see title I of the Higher Education Act focus on the institutional development needed to meet this challenge. It could well become the most significant program in the act other than student aid, if it were devoted to helping colleges give work-

ing adults the same mainstream programming they give to the full-time students—that is, making the institutions just as responsive to part-time students as they are to full-time students.

In summary, Mr. Chairman, I think you can see the squeeze that the community and technical colleges find themselves in. In most States, they do not begin to receive a share of the Vocational Education Act funding that would be commensurate with the demand for occupational programs they are expected to make and they are striving to serve. Yet, there is no other established program to which they can turn to support in delivering the levels of service that the national quest for greater productivity calls for. Kentucky is a good example of this. There may be the vague assumption at work in various quarters that since the community colleges are continuing to grow, they are automatically means that they are doing well resourcewise and that they can take care of their own needs. That is hardly a realistic view and more important it fails to capitalize on the community college's potential for increasing the efficiency and the employability of the American work force.

We thank you again, Mr. Chairman, for this opportunity to appear here today.

Chairman PERKINS. Let me thank you very much, Dr. Goodpaster. For the benefit of the members, the first two witnesses represent public colleges and the next witness, Dr. Jackson O. Hall, president of Pikeville College, which is a private college. Go ahead, Dr. Hall.

[Prepared statement of Dr. Jackson O. Hall follows:]

PREPARED STATEMENT OF DR. JACKSON O. HALL, PRESIDENT, PIKEVILLE COLLEGE, PIKEVILLE, KY

Mr. Chairman, my name is Jackson O. Hall. I am the President of Pikeville College in Pikeville, Kentucky. Our institution is isolated deep in the mountains of Central Appalachia. We are bound by the coal industry, human poverty and disadvantage, a learning environment hobbled by politics and the presence of a value system that is just beginning to awaken to the benefits that derive from education.

It is a privilege to testify before you and your Committee on the proposed amendments to the Higher Education Act of 1965. Although not a native Appalachian, I have been at Pikeville College since 1975. I am anxious to respond briefly, but broadly, to selected amendments in the Act.

My response derives from my experience. They reflect three concerns which have emerged over my recent and past years in higher education, as I have observed the valiant Congressional and State initiatives to support "access and choice" to postsecondary education. My response, in addition, contains one recommendation beyond the limit of the Act.

First, there is an unintentional, I believe, yet inexorable move to undergird the community college network, as distinct from the private junior college, across this nation with extensive federal dollars in the form of "setasides and priorities", e.g. Part A of Title III, Title IV (Pell), Title XI, etc. This is understandable, in the sense that there is, I'm certain, at least one community college in the district of every member of the House of Representatives and Senate. It is troublesome in that these institutions already enjoy extended subsidy by their respective states and are viewed in Kentucky, at least, as the most "cost-effective" form of delivery of postsecondary education. Such Federal and State subsidy create enormous tuition differential problems and allow these institutions to offer services and enjoy program funding benefits that private institutions have to afford with institutional dollars.

Second, special interest groups, racially and ethnically identified, are beginning to be singled out for attention that is not undeserved. I refer to Part B of Title III, Strengthening Historically and Traditionally Black Colleges and Universities; Part D of Title III with the Hispanic "setaside"; Part B of Title X; etc.

My concern is that this advances a precedent of singling out racial and ethnic groups. It is, for me, difficult to understand how Congress, politically, will ever be

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able to say to any such group, "This is as far as we can go. We now must reverse the process"! My fear is that the "Rubicon will have been crossed". Read carefully, if you will, Part B of Title III, Sec. 321 (1)-(4) and find the symmetry of the plight of the Native American; the emerging symmetry of the plight of the Hispanic! Do the not have the right, particularly the Native American, to the equal merit of your special attention, priority and funding support?

I represent that group known as the "disadvantaged Appalachian". I would oppose the Appalachian as being officially recorded as a "disadvantaged minority" for purposes of Affirmative Action or Equal Employment Opportunity. They are too proud!

Yet, as Appalachians, we fall under the classification of "the rural poor from isolated, disadvantaged backgrounds". If this has become a minority of eligible designation, we are numerically larger than any group that enjoys "setaside status". Yet, to coin a popular commerical phrase, "Where's the beef?" This deeply offends my sense of justice, as I watch these people labor up that mountain or across that plain.

Third, I am an irrevocable advocate of sustaining a strong private sector of post-secondary education. I don't fear for the presitgious among us. I do fear for the small, the fragile, the remote, as well as their urban counterparts, the institutions that are part of the complex of those varied urban conglomerates of higher education.

Being private and independent provides the opportunity for an institution to take initiatives, be innovative and be responsive. It is not just being an institution unto itself, but rather one unto the constituency it is there to serve. The unrelenting competitive pressures, whether in an environment of rural or urban poverty and stress, threaten the integrity and very future of these institutions and their vital service.

Their loss to the private sector would be felt. They would either never reappear, or if the opposite were to happen, they would probably return as "carbon copy components" within the public sector. Our system of post-secondary education would be the weaker. It would be the lesser. This is a personal, philosophical posture, but it is firmly grounded. The Higher Education Act Amendments respond in awareness but not always in content to this concern.

My selective response to specific sections of the Higher Education Act are as follows:

TITLE I

"I applaud your proposed program of literacy Training, under Part B. The basic skills of reading and writing are at a deplorable level across our land. They are the cornerstone of an informed electorate. Over 60% of our entering students at Pikeville College are found lacking in these skills, following a battery of comprehensive tests. We mount our own program of remediation, along with an assist from the Special Services of our Title IV Trio Component.

On the average, only 15 students out of every 100 who enter the ninth grade in Eastern Kentucky go beyond high school to an institution of post-secondary education. The preparedness level of these students are referenced in the above paragraph. To extrapolate that set of statistics to the regional population, as it relates to literacy, presents a problem with staggering potential. The proposed legislation, as long as funds are not restricted to urban areas or community colleges, will assist us, as four-year institutions serving isolated, rural areas, to meet this legislative intent and address a serious national problem.

The use of students as tutors is conceptually sound, both for them as learning reenforcement and as teacher surrogates. The opportunity to earn college credit and possibly funds to help with educational costs is also sound.

TITLE II

Under newly inserted Section 202, forming a Library Unit within the Office of Post Secondary Education, I applaud the redirection that will assist the lesser developed libraries. The library must be, and where it is not, must become, the cornerstone of the academic support system.

In establishing the index that will assist the Secretary in determining which libraries will receive grant support, I would urge attention to the criterion in Section 211 (c)(1), use of standards established by the Association of College and Research Libraries. I would urge that these standards take cognizance of qualitative, rather than merely quantitative, resource holidays. In many disciplines, the publication date distribution represents that type of qualitative evaluation.

I support the direction of expanding the use of information transfer and communication's technology in the immediate future. This is a vastly more cost-effective way to upgrade libraries at institutions characterized especially by rural isolation. The use of satellite communications is becoming recognized as having enormous potential and versatility.

TITLE III

There has been a history of the questionable control over the funding made available through this Title. I believe that there has been an administrative response to correct this problem that is reflected through the language of this legislation. I wish to support strongly the legislative intent of this Title. I have already addressed myself to the potential difficulty in Part B. Further response in this area is not necessary.

May I address, then, the need for clarification in the language of the section under Part C, the Challenge Grant to support the development of Endowment Funds. This is a fine example of the growing insight of Congress into the problems of fiscal stability for the small, independent college. Yet, having read the proposed legislation, I recommend clarification in the following areas.

1. An institution is to be notified by April 1 of the preceding year that they have been "awarded a challenge grant for endowment growth". (Sec. 332(b)). As an hypothesis;

a. If an institution is awarded $250,000 of Challenge Grant funds for a specific fiscal year, must it produce that level of dollar support, with evidence, as suggested in Sec. 333(2) on page 60, in advance of the receipt of the federal grant? I would hope so! What if, by the end of that fiscal year, it is able to evidence only $200,000 of support? Will it get that portion of the federal grant, or nothing?

b. If an institution is awarded $250,000 per year for 3 years, does the institution need to evidence that level of support each year during that specified period? Does the institution lose, for example, if it raises $50,000 during the first year; $500,000 the second year; and $200,000 during the third year? A policy of "payout" with documentation, would be a realistic modification, consistent with legislative intent.

c. Must the institution be actually being funded under Title III, Parts A or B, to be eligible for this award? "Eligible" institutions do not always get funded under Parts A and B!

d. Are estates, that arrive at less than predictable times, eligible to be included in this program?

As the President of a small independent college, I am compelled to observe that the raising of funds from private sources is, at best, a "fickle" process . . . whether they are funds for operating revenue or endowment.

TITLE IV

The central thrust of the amendments to this Title is found in the shift in both the maximum dollar amount of the Pell Grant and its impact on "access and choice". The increased amount of Pell grant support would seem to be, and is, supportive of access. And yet it is unclear to me how and where, under current federal and state initiatives, there are still qualified students who are denied access to post-secondary education. I fail to see that raising the level of grant assistance to $3,000 for maximum need, under the 75 percent provision, would respond to an identifiable population of men and women who, otherwise, could not afford the post-secondary school opportunity.

On the issue of "choice", I would reference back to the first of my three concerns, the inexorable move to undergird the community college network at the expense of the small independent two and four-year colleges. Enrollment statistics and financial impact analyses of this proposed amendment will document the reality of this threat. It is real. It will be tremendously divisive. It will be detrimental to maintaining the diversity of our system, one of the strongest quality components in our process of post-secondary education.

There is another danger posed by the rapid elevation of this maximum Pell Grant. Each state, in its own secular wisdom, has responded to student financial aid as it deems consistent with its own priorities of "access and choice". Kentucky has evolved a most direct, equitable and responsive grant program, coupling the SSIG assistance to an aid package to residents attending independent colleges.

I make the point so as to raise the question that, with state revenues in various stages of disrepair, would states begin to reduce or modify their assistance programs in response to increased federal dollars available for financial aid? Would this even further exacerbate the question of "choice", by inadvertently making the public in-

stitutions and, particularly, the community colleges still more attractive, from a cost standpoint?

The so-called "half-cost" provision has traditionally been a divisive issue between the public and private institutions. The 75% provision would throw this issue squarely in the protective lap of the public sector. Would it be useful, as has or will be more explicitly amplified by others, who are testiying, to consider a "half-need" provision?

I support the block grant provisions for the campus-based programs. Such a move would, as noted, give the institutions greater latitude in responding to individual needs in a timely manner. Yet, I share a concern that eligibility for these allotments is subject to revision, such that any gains in service to people could be lost in a diminishing access to grant support at the institutional level.

Regarding Part C—Special Services, I am very supportive of the Trio Program. We have found them to be extremely valuable here in Appalachia, although I would raise one question for possible consideration. The breadth of the role of the Talent Search Program might be worth cost-effective scrutiny. Recognizing that it will require documentation that it serves the handicapped, low-income, first-generation college-bound high school to non-traditional student, would it be useful also to require a "tracking" process? How many of these students do pursue post secondary opportunities?

There also may be some usefulness to the notion of merging the Upward Bound and Talent Search Programs. There is some reduncancy in role, criteria for eligibility and program orientation. I see the Upward Bound Program at work, due to its visible presence on our campus. I recognize the enormous importance that it provides many students in our region, going well beyond those that "bridge" into our institution.

The only real problem that we face in the Trio Program in Appalachia is with the funding levels. They are grossly inadequate to meet the needs. An example is the Special Services component which is based at Pikeville College. This program could easily serve 50 percent or more of our student body. The need is enormous! The funds are very limited, and the ability to serve those "eligible" is significantly restricted. In a region where 15% of the ninth grade class go beyond high school, each of them is a "nugget". We try to supplement with institutional resources, but we are limited.

TITLE V

I heartily endorse the Carl D. Perkins Scholarships, repaid by teaching service. This not only acknowledges one of our foremost leaders in education, but it also is conceptually a sound idea, directed at motivating a greater degree of excellence in the elementary and secondary school classroom. It would be my recommendation that they be referred to as "scholarship loans", in that there is a clear payback provision.

I would recommend, under Section 505(a), the selection process, that there be inserted language that would recognize regional distribution of the scholarships within each state. The variations of standards and the quality of public school systems in any state should not work to the disadvantage of potential teachers from any region in that state.

TITLE VIII

I strongly advocate this concept for higher education. As is noted further on in the paper, cost is a dominant factor in mounting such a program. I am very responsive to the notion of motivating institutions to "fully engage" in the Cooperative Education Program.

Particularly in major urban and in rural poor areas, cost of education continues to be a dominant factor to needy students. The statistics in Appalachia are too well known; 40% of a ninth grade class will probably drop out before completing the twelfth grade; only 15% of the ninth grade class will pursue some form of post secondary education. The reasons for this are numerous, but two stand out. First, education is still not perceived as an item of high priority, related to success in life. Employment, adding experience to classroom theory, becomes a very viable alternative and a way to dispel that notion even more rapidly. Second, cost continues to dominate the decision-making of many students. The idea of being able to work and pay for your education, while extending that education over a longer time, would appear to me to be a very appealing concept for many students in our region.

The major concern that I would have would be the 25% match which is suggested as a requirement of institutions who participate. It would be very important to have

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criteria attached to that provision that would broadly define what would be eligible for inclusion in that 25% match. Institutions such as Pikeville College, which are working from a clear economic disadvantage, would need to include items such as selected faculty salarie, some academic facility utilization, utility costs, etc. in order to arrive at the level of matching support being suggested. To generate "new" or additional funds during a transitional period would be very difficult.

TITLE XII

The only observation I would make on this provision is the possible redundancy with Part C of Title III. Clearly there are differences, but the eligibility provisions, the terms, expectations and required performance by recipient institutions seem to cloud the intent of this program. If it is to support "Title III equivalent institutions" that are not funded under Title III, then it should be so structured, worded and located in the Act.

If it is not to support these institutions, its purpose is not clearly stated in the opening paragraph. I am therefore uncertain as to the legislative intent of this Title.

Finally, and this is beyond the scope of this testimony, I would recommend that this Subcommittee, the House Committee on Education and Labor, and its counterparts in the Senate, review with an open mind the report from the President's Private Sector Survey on Cost Control (PPSSCC), the Grace Commission Report. The Report on the Department of Education, as you know, proposes steps that in three years could produce savings of $2,827.8 million, all without the reduction in financial aid or in services to the academic community or students.

I realize that two factors are at work that must be acknowledged.

1. The analysis and response to the full survey, including the thirty-six Task Force Reports, of which the Department of Education is just one, becomes an administrative challenge of significant complexity. Yet the integrity of this effort, in my judgment, commends it to the urgent attention of the Congressional committees and sub-committees with legislative authority in the specific areas. The enormity of our federal deficit would appear to mandate such a response.

2. There will clearly be recommendations that will not be found workable. Yet, [illegible]t intensive consultation, review and analysis of every corner of this Survey, [illegible]nting a quality effort by the private sector of industry known for its ad[illegible] in the science of management, technology and cost effectiveness, the potential of enormous benefit to our national economy would be lost.

Thank you for the privilege of submitting this testimony on this vitally important piece of legislation.

STATEMENT OF DR. JACKSON O. HALL, PRESIDENT, PIKEVILLE COLLEGE

Dr. HALL. Thank you, Mr. Perkins. Mr. Simon, I am very pleased to be back and have an opportunity to respond to these proposed amendments. My response really derives from my personal experience they reflect three major concerns that I have. I don't wish to appear combative with my colleagues, but these are my personal observations from my own personal experience, predominantly in the private sector.

Chairman PERKINS. Pull that mike up a little closer, Dr. Hall.

Dr. HALL. I feel that there is a very—it's an unintentional and yet an exorable move to undergird the community college network as distinguished from the 2-year private institutions across the country in the form of Federal dollars that exist as set-asides and priorities. I reference part A of title III; title IV as it will be explained in other testimony; title XI. This troubles me because the community college network already enjoys a level of subsidy from the respective States. It is referred to in Kentucky as the most cost-effective form of the delivery of education in the entire State; When I see set-asides in Federal legislation that put the small, private college like Pikeville College in a competitive position for very

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limited dollars after the set-asides for certain other categories of institutions. This bothers me.

My second concern relates to the attention given to special interest groups which have racial or ethnic origin. I refer to part B of title III, the act to strengthen historically black colleges; part D of title III with Hispanic set-aside and; part B of title X. I am not saying that these are undeserved in any sense of the word. I don't want to be misunderstood on that point. But my concern is that once Congress has crossed the Rubicon, so to speak, I find that it will be very difficult for them at any point in time pull back and say, "That's as far as we can go. We have now got to begin to withdraw."

I would ask that certain sections of title III—and I would like to specify them—be read carefully. part B of title III, section 321, subparagraphs 1 through four, and I would recommend to the staff that they look for the symmetry of the plight of the native American in that language, they look for the emerging symmetry of the plight of the plight of the Hispanic, because in my judgment they have the right—and particularly the native American—the equal merit of your special attention, your priority and your funding support.

I represent the group that a lot of us represent today that is known as the disadvantaged Appalachian. I would not like to see the Appalachian designated as a disadvantaged minority for purpose of affirmative action or equal opportunity. I think they are too proud a people to want that kind of designation and yet, I share Dr. Norfleet's opinion that because they are not so designated or recognized that we fall under that global classification of the rural poor from the isolated, disadvantaged region. Numerically, across the country, this would put us probably as the largest disadvantaged minority and yet to coin a popular commercial expression, "Where's the beef?"

This really deeply offends my sense of justice as I watch these people, these rural poor, whether they be Appalachian or Midwestern or wherever, labor up that mountain or across that plain.

Third, I am an irrevocable advocate of sustaining a strong private sector. I don't fear for the prestigious among us. I do fear for the small, the fragile, the remote as well as their urban counterparts. Being private allows us the privilege of taking initiatives, being innovative and being responsive. The loss of the small, private institution would be felt deeply. It would either never reappear or if it did appear, in all likelihood it would become a carbon copy of a public institution, and I think that the diversity that the private sector provides higher education is something that contributes enormously to the quality of our entire system.

I am not going to try to cover a lot of material that I know will be covered by other speakers this morning but I would like to touch on a few items in the act that have come to my attention as I have read through it. I applaud the program of literacy training that you have incorporated under part B of title I. I think this is an extremely imaginative approach. I give you a sense of the importance of that in the context of eastern Kentucky where only 15 students approximately on the average out of every 100 ninth graders go beyond high school—only 15 percent and over 60 percent of

all entering students at Pikeville College are found deficient in the basic skills of reading, writing, and arithmetic computation requiring remedial assistance. That's part of the mission of our institution. But when 60 percent of that small 15 percent require remedial assistance then extrapolate that set of statistics to the society of eastern Kentucky and you get some sense of the monumental problem out there in terms of literacy training. I think that this particular section of title I is very, very carefully thought through and has a potential for great value to society.

I would strongly endorse section 202 under title II we are forming a new unit—library unit—under the Office of Postsecondary Education. I think that the notion of trying to single out those libraries that are deficient in their ability to serve the academic communities is very well thought through and very well directed.

I would question the part of the index which will be used by the secretary as he determines eligible institutions. I believe that the Association of College and Research Libraries is a good source for this kind of an index but I would urge that when that set of indices is derived that attention be paid to qualitative collections and not just quantitative.

Under title III, I would ask for clarification of part C, which deals with the challenge grant. I think this is a very important program, but from a logistical standpoint the private college is going to have a little bit of difficulty dealing with that as I interpret it. My prepared remarks will contain some questions. I simply draw your attention to it. I feel there needs to be clarification because as a small college president, I can assure you that fundraising is not only a very pivotal part of our responsibility, but in addition it is a very fickle process. It does not lend itself to predictability and the process of challenge grants needs clarification although it is potentially a very valuable component.

With regard to student assistance, I will leave that testimony to my colleagues that will follow who will speak in a manner that I feel is compatible with my own. I am concerned with both the notion of access and choice and I am concerned that the possibility of elevating the Pell grant so rapidly to $3,000 might very well in part encourage some states to diminish their forms of financial aid simply because of the increased access of Federal dollars. I think that there is a need for a very close examination of that whole process as it might impact the issue of the choice of attending an institution, not simply access. I think it clearly elevates access, but I am not sure that it assists the question of choice.

I would be very, very much in support of your position with regards to the TRIO Program. I would be very vigorously opposed to cutting it back.

At Pikeville College, we are small. We only have 500 students. But the TRIO Program or the Special Services component of TRIO, which is based at Pikeville College, could deal with 50 percent of our student body. Fifty percent of our students would be eligible. The money is not there to do that, but 50 percent of our students could be treated. The Upward Bound and Talent Search Programs have been enormous and I was so pleased with the testimony of Mr. Blevins because this is one of the most marvelous experiences that you can have as a college president is to watch somebody come

in as a sophomore in high school, go through that Upward Bound Program, bridge—into your own institution it's even more fun—but bridge into college and then watch them move off.

The president of our student government came up through Upward Bound. There are marvelous vignettes. This is a tremendously valuable program. My concern is that it is underfunded and when I see the students at our institution unable to get access to the resources of Upward Bound, Talent Search, Special Services. I feel that they are being deprived of a very valuable and essential opportunity.

I am so pleased to see the recognition given under title V for the Carl D. Perkins scholarships. I think that's such a well-deserved recognition, sir, and I am very pleased that it is there and, obviously, heartily endorse it because I think that it will carry forward the philosophy of Mr. Perkins as he has moved to increase the quality of education.

The one thing that I would like to recommend as far as the selection process which is in section 505, subsection (a), which talks about the individual States selecting a selection process, I would like to be sure that there is regional distribution in that selection process within each State because there is such a wide variety of the standards and quality of public school systems that if it is done with a centralized control and without the notion of distribution within region with that State, then I feel some region within a State will be deprived of that very valuable opportunity.

Finally, I would like to comment on title XII. I sense a bit of redundancy in title XII, which is institutional endowment development, with part C of title III. I am not sure if I am reading it correctly. I tried very hard to match up the language of those two sections and I have a sense that there is some redundancy, and if there isn't, then I think there needs to be greater clarification in the language as to exactly what the intent of title XII is. If it is to help institutions that are similar to those that would be eligible under title III, then I think it needs to be specified. If it is to deal with a different population of institutions, then I think that needs to be clarified, as well.

The final point that I would make is beyond the scope of testimony. I will not spend much time on it, but I would like to recommend—I know this is a little gratuitous on my part—I have had the pleasure of seeing this recent issue of the report of the President's Private Sector Survey on Cost Control, the Grace Commission Report as it relates to the Department of Education—and I would like to urge that this committee, this subcommittee and Congressman Perkins' Committee on Education and Labor and your Senate counterparts review that carefully. I have tried to review it. I haven't had it long enough to read it in total detail. When the report says that in 3 years, just in the Department of Education, there is a possibility of saving almost $3 billion without the reduction in financial aid, or in services to the academic community, or to students, then I think it is worthy of serious examination and I know that that composite of 36 task force reports is pretty heavy—heavy in thought and heavy in weight.

But I am impressed with the caliber of work that has gone into it and I have looked at this and am impressed with some of the rec-

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ommendations that they make and when you accept the fact, as I am sure you do, that industry did this at their own expense and they are the people who are at the front edge of the science of management, of technology, and of cost effectiveness, it seems to me that their effort warrants very careful scrutiny.

Thank you so much. It's been a privilege to be here and testify before you this morning.

Chairman PERKINS. Thank you very much, Dr. Hall.

We have had a distinguished witness to come in, and she has another appointment. That is Mrs. Alice McDonald, Superintendent of Public Instruction from the Commonwealth of Kentucky. We are delighted to welcome you here, Mrs. McDonald, today. She was unable to be here when we had the adult education testimony, and she is here today to testify on adult education and other related matters. We will complete her testimony, interrogate her and then we will get right back to the panel. Just all of you stay around.

Go right ahead, Mrs. McDonald. We are delighted to welcome you here today.

[Prepared statement of Alice McDonald follows:]

PREPARED STATEMENT OF ALICE MCDONALD, DEPUTY SUPERINTENDENT OF EDUCATION, KENTUCKY DEPARTMENT OF EDUCATION

Mr. Perkins, Chairman Simon, and members of the subcommittee, I appreciate the opportunity to present testimony regarding adult education. First of all I want you to know that I support what you have done for us and what you are now trying to do for the undereducated adults of this country through the reauthorization of the Adult Education Act. I am deeply committed to the cause of adult education and intend my remarks today to focus on some positive suggestions about key elements of the proposed changes in the act.

I want to address my remarks today to adult literacy and, specifically, to a piece of legislation that deals exclusively with basic academic and life skills for adults—the Adult Education Act. I would also like to comment on a portion of a bill (H.R. 5240) concerning higher education that relates to adult literacy and using college work-study students to extend services offered to illiterate adults.

With 49 percent of Kentucky's adults age 25 and over not having a high school diploma and ⅓ of our adults in this age bracket having completed only 8 years of school, I am very aware of the value of adult education for Kentucky's citizens.

The Adult Education Act permits the Kentucky Department of Education to address this need through offering adult basic education opportunities in 110 counties. These programs operate through four types of instructional services for our sparsely populated rural countries as well as our densely populated urban areas.

The newest component in our delivery system uses volunteers to tutor illiterate adults individually with a minimum increase in funds. The program is based on the Jefferson County adult reading program developed through funds from the Adult Education Act, section 310. This program received funds through the Kentucky Department of Education and was named an exemplary program in education by the joint dissemination and review panel. We are very proud of the fact that this program received funds for national dissemination and has been implemented within the past year in over 250 counties and school districts throughout the country.

So in Kentucky, we have a severe need for basic skill instruction for adults, and we have developed high quality, successful programs to address those needs. These programs have not only succeeded in Kentucky but have been recognized as exemplary by others in the country.

The issues we cannot combat, despite our success, are the decreases in funding in actual dollars which have occurred and the spiraling inflation rate which has resulted in the reduction in funds for our programs. These forces have worked together to actually make it impossible to serve as many students during last fiscal year as we were able to serve in fiscal year 1979 when program funds experienced their last substantial increase.

The need for adult education services has never been more critical as we are trying to combat illiteracy and retrain our adults for new vocational training. We

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must work to enable them to become employed and be removed from public assistance rolls.

I would urge you, Congressman Perkins, to reconsider the $106 million authorization level and raise it to a more realistic level of $140 million. Adult education could better serve the "least educated and most in need" in our country, and Kentucky in particular with this increase.

The adult education program in Kentucky is cost effective because it serves 23,000 adults at a cost per adult of $88. Cost breakdowns show that this economic investment more than pays for itself in public assistance savings and employment related income. Even though we can not say there is an exact cause and effect relationship between adult education instruction and economic improvement, high correlation exists.

In Kentucky last year a significant percentage of our unemployed students became employed, and many of our students receiving public assistance were removed from public assistance rolls. These figures resulted in an annual rate of return of 10.2 percent.

Estimated dollars saved or returned:	
Public assistance savings	$769,284
All taxes on new income (at minimum wage)	$1,468,856
All taxes on increased income (Average 10¢ hour)	$15,516
Total saved	$2,253,656
Dollars invested: Federal and State	$2,044,769
New return for taxpayers	$208,887
Annual rate of return (percent)	10.2

The Kentucky Department of Education has a carefully devised data collection system. The system has resulted in this kind of information which vividly demonstrates the impact of adult education in Kentucky. I would support clarifying the authority of the Secretary to request information from States about adult education students, programs, expenditures and goals as suggested in the proposed legislation. The detailed information compiled on Kentucky adult education students and programs allows us to demonstrate the tremendous impact of adult education on Kentucky's economic, social and educational climate. This data collection has also helped us to evaluate our programs and to refine our instruction and delivery systems, and I endorse this system.

In addition, I would strongly recommend that the information be studied for its appropriateness and usefulness. I would suggest that the Secretary select a National Task Force of Adult Educators to make recommendations about the information and the instrument itself.

REQUIRED EXPENDITURES

I support the proposed bill to delete the current requirements that States use at least 10 percent of their grants for teacher training and demonstration projects. This deletion would give Kentucky more flexibility in its expenditure of funds and enable us to make decisions based on our needs.

Nevertheless, I still see the value of these activities in Kentucky because we have fully utilized the ten percent to provide staff training and to support the development of a model program for the Nation in adult literacy. I do support authorizing these activities but not mandating them.

On the contrary, I do not support the removal of the 20 percent maximum expenditure for programs serving institutionalized adults. I feel we need this ceiling to maintain accountability to all citizens of Kentucky who are in need of basic skills. The intent of the act is to help those individuals who are most in need and for whom no other resources are available.

MATCHING AND MAINTENANCE OF EFFORT

The proposal to eliminate matching and maintenance of effort requirements for States could have a detrimental effect on services offered to adults in Kentucky. The existing ten percent matching requirement ensures that even in the most depressed budgets, State money is allocated for adult basic education. I support increasing the State match while acknowledging that budget constraints in States like Kentucky may prohibit a consistently increased match each year. I support the maintenance of effort mandated for the States but suggest that the interpretation be examined. We are unrealistic to expect States to report all money if they are expected to maintain this dollar amount in the face of budget uncertainties.

Requiring matching monies and revising the mandate of the maintenance of effort for funding would help adult education in Kentucky and be more realistic with the prospect of restrictive state budgets.

STATE ADMINISTRATION

The pending legislation to delete the 5 percent limitation on State administration may cause some problems in Kentucky, and I would hesitate to support it. Historically, adult education has been a program of direct service; and with the current cap on administrative costs, Congress has ensured that serving undereducated adults is its top priority. Since the cap ensure low administrative costs, mandating a raise to possibly 6 to 8 percent would be an effective compromise.

NATIONAL PROGRAMS

The proposed portion of the bill allowing the Secretary to set aside up to 5 percent of the appropriation for national programs is certainly desirable, and I would support it with limitations. Our adult education appropriation is lean considering the monumental task, and I would have to discourage any effort to further reduce this appropriation. At any rate, I would support a percentum for national programs if the appropriation were at least $125 million before that percentum were set aside.

In Kentucky, we have a big job to do in adult education. We have developed quality programs of instruction that work, and we have developed delivery systems that are efficient. We have expanded our resources through other sources of revenue and through fully utilizing volunteers. We have stretched our resources to the breaking point and can not afford the luxury of 5 percent if it means longer waiting lists and reduction of services.

PRIVATE FOR PROFIT ORGANIZATIONS

I am concerned about the proposed provision to allow for profit organizations to carry out programs under this act. When we have such limited resources and we already have established delivery systems which are working, I question the feasibility of encouraging organizations with no proven track record in adult education basic skills instruction to operate programs. A model program to test the feasibility of this approach may be a legitimate expenditure under the national institute for education [NIE] literacy initiative funds or the Secretary's discretionary monies. This model may establish the proven validity of such an approach and would provide a basis for recommendations about programs administered by the private sector.

HIGHER EDUCATION LITERACY WORK STUDY STUDENTS

The Adult Education Act provides the major legislation for services in adult basic education programs and targets its efforts toward adults in need of literacy skills. Adult education programs have been fortunate to have a special emphasis placed on their programs by President Reagan's and Secretary Bell's adult literacy initiative that was announced in September of this year. One aspect of the initiative is the development of college work-study programs in adult literacy under the Federal college work-study program.

I would like to comment on part B of the proposed H.R. 5240 as it relates to adult education literacy initiatives in Kentucky. We have vast experience in using volunteers for literacy instruction and support services for literacy programs. In addition, our national diffusion network [NDN] grant has resulted in our providing training for one of the 18 current demonstration sites in Houston, Texas.

First, I would like to say that I support the effort to utilize college work-study students to help in the literacy effort. In Kentucky, we have used volunteers in our adult basic education literacy program for the past five years. Our success in developing a model has enabled us to replicate it in seven other States and in over 200 other counties or school districts. The model for training volunteers developed by the Kentucky Department of Education has been used to train over 2,000 volunteers just in the past year. These volunteers were able to teach an extimated 8,000 adults to read as a result of the training.

We are currently using college work-study students at Murray State University to aid in our adult literacy efforts. We see great potential for their service in the fight against illiteracy in Kentucky and throughout the country. I would support and encourage increasing funding for use by colleges for work-study students assigned to adult literacy programs.

Because of our experience in the college work-study literacy program in Houston and our experiences with volunteer training and management, I would like to recommend maximizing the impact of this initiative on adult literacy by:

(1) Encouraging colleges and universities to work with existing literacy programs to support and extend the services of adult basic education programs and/or local literacy councils which have expertise in volunteer training, program management, and adult literacy instruction.

(2) Providing resources in the college work-study program for materials, training, management and transportation to supplement the students' stipend or providing additional resources to the existing adult basic education programs. Paying students' stipend does not deliver literacy services, and cooperative efforts may have to be mandated to maximize resources and offer the best quality and service to illiterate adults.

(3) Using college work-study students in a variety of roles to support literacy programs—not just as tutors. Administrative duties, recruitment efforts, public relations and volunteer management duties have proven to be viable roles for volunteers working in adult literacy programs.

Students who do work as tutors should be under immediate supervision of experienced adult educators or literacy coordinators. The recommended model would allow college work-study students to function more as teacher aides in existing literacy programs. This method would encourage one-on-one tutoring and provide the security of a group as well as the resources of a trained staff person.

I am deeply concerned about providing a high quality program for the adults of Kentucky and feel that the efforts outlined in this proposed legislation will enable us to do that more effectively.

I appreciate your efforts for adult education. Your continued support allows us to provide learning opportunities to those adults in Kentucky who have an impossible task of coping with life because of their lack of basic education skills. We serve a population in which 9 out of 10 of our enrollees have the potential for 20 or more employable years. The Adult Education Act enables us to make those years fulfilling in terms of economic and, more importantly, in terms of the satisfaction of reaching human potential.

I encourage and appreciate the emphasis being placed on adult literacy and am particularly excited about the resources that could be provided for adult education through college work-study programs.

STATEMENT OF ALICE McDONALD, DEPUTY SUPERINTENDENT OF EDUCATION, KENTUCKY DEPARTMENT OF EDUCATION

Mrs. McDONALD. Thank you very much. Thank you, Congressman Perkins. I am delighted to be here and I am sorry that I could not be here at the appropriate time but it was the last week of the legislature and everyone knows what goes on the last week of the legislature in Kentucky and I needed to be at home. I am a little concerned that you are going to interrogate me at the end so I will try to say everything right the first time around. [Laughter.]

I am happy to be here and do want to talk on several subjects. Mr. Perkins, Chairman Simon, and members of the subcommittee, I appreciate the opportunity to present testimony regarding adult education. It's a subject very dear to my heart. As deputy superintendent of public instruction for the State of Kentucky, I put a great deal of emphasis on adult education and we moved ahead in Kentucky in many areas.

First of all, I want you to know that I support what you have done for us and what you are now trying to do for the undereducated adults of this country through the reauthorization of the Adult Education Act. I am deeply committed to the cause of adult education and intend in my remarks today to focus on some positive suggestions about key elements of the proposed changes in the act.

I want to address my remarks today to adult literacy and, specifically, to a piece of legislation that deals exclusively with basic aca-

demic and life skills for adults—the Adult Education Act. I would also like to comment on a portion of a bill, H.R. 5240 concerning higher education that relates to adult literacy and using college work-study students to extend services offered to illiterate adults.

With 49 percent of Kentucky's adults, aged 25 and over not having a high school diploma and one-third of adults in this age bracket having completed only 8 years of school, I am very aware of the value of adult education for Kentucky's citizens. The Adult Education Act permits the Kentucky Department of Education to address this need through offering adult basic education opportunities in 110 of our counties. These programs operate through four types of instructional services for our sparsely populated rural counties as well as our densely populated urban areas. The newest component, which we are very proud of in our delivery system, uses volunteers to tutor illiterate adults individually with a minimum increase in funds. The program is based on the Jefferson County Adult Reading Program developed through funds from the Adult Education Act, section 310.

The program received funds through the Kentucky Department of Education while I was deputy and later was named an exemplary program in education by the Joint Dissemination and Review Panel. We are very proud of the fact that this program received funds for national dissemination and has been implemented within the past year in over 250 counties and school districts throughout the country.

In Kentucky, we have a severe need for basic skill instruction for adults and we have developed high quality, successful programs like the one I mentioned to address those needs. These programs have not only succeeded in Kentucky, but have been recognized nationwide and have succeeded in other places in the Nation.

The issue in Kentucky and I am sure everywhere else that we cannot combat despite our success with individual programs are the decreases in funding in actual dollars which have occurred and the spiraling inflation rate which has resulted in the reduction in funds for our programs. These forces have worked together to actually make it impossible to serve as many students during last fiscal year as we were able to serve in fiscal year 1979 when program funds experienced their last substantial increase.

The need for adult education services has never been more critical as we are trying to combat illiteracy and retrain our adults for new vocational training. We must work to enable them to become employed and be removed from public assistance rolls. I would urge you, Congressman Perkins and Chairman Simon, to reconsider a $105 million authorization level and raise it to a more realistic level of $140 million. Adult education could better serve the least educated and most in need in our country, in Kentucky, in particular, with this increase.

The Adult Education Program in Kentucky is cost effective, and I have heard someone say it already this morning, because it serves 23,000 adults at a cost per adult of $88. Cost breakdowns show that this economic investment more than pays for itself in public assistance savings and employment-related income.

Even though we cannot say there is an exact cause and effect relationship between adult education instruction and economic im-

provement, high correlation exists. In Kentucky last year, a significant percentage of our unemployed students became employed and many of our students receiving public assistance were removed from public assistance rolls. These figures resulted in an annual rate of return of 10.2 percent.

I would like to specifically address some elements of the reauthorization of the Adult Education Act and some concerns I have. In general, we endorse this piece of legislation, but I would like to express some expenditures. I support the proposed bill to delete the current requirement that States use at least 10 percent of their grant for teacher training and demonstration projects. This deletion would give Kentucky more flexibility in its expenditure funds and enable us to make decisions based on our needs.

Nevertheless, I still see the value of these activities in Kentucky because we have fully utilized the 10 percent to provide staff training and to support the development of a model program for the Nation in adult literacy. I do support authorizing these activities but not mandating them.

On the contrary, I do not support the removal of the 20 percent maximum expenditure for programs serving institutionalized adults. I feel we need this ceiling to maintain accountability to all citizens of Kentucky who are in need of basic skills. The intent of the act is to help those individuals who are most in need and for whom no other resources are available.

Matching and maintenance of effort. The proposal to eliminate matching and maintenance of effort requirements for States could have a detrimental effect on services offered to adults in Kentucky. The existing 10 percent matching requirement ensures that even in the most depressed budgets, State money is allocated for adult basic education. I support increasing the State match while acknowledging that budget constraints in States like Kentucky may prohibit a consistently increased match each year.

I support the maintenance of effort mandated for the States, but suggest that the interpretation be examined. We are unrealistic to expect States to report/all money if they are expected to maintain this dollar amount in the face of budget uncertainties, Requiring matching money and revising the mandate of the maintenance of effort for funding would be help adult education in Kentucky and be more realistic with the prospect of restrictive State budgets.

State administration. The pending legislation to delete the 5-percent limitation on State administration may cause some problems in Kentucky and I would hesitate to support it. Historically, adult education has been a program of direct service and with the current cap on administrative costs, Congress has ensured that serving undereducated adults is its top priority. Since the cap ensures low administrative cost, mandating a raise to possibly 6 to 8 percent would an effective compromise.

National programs. The proposed portion of the bill allowing the Secretary to set aside up to 5 percent of the appropriation for national programs is certainly desirable and I would support it with limitations. Adult education appropriation is lean considering the monumental task, and I would have to discourage any effort to further reduce this appropriation. At any rate, I would support a per-

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In Kentucky we have a big job to do in adult education. We have developed quality programs of instruction that work, and we have developed delivery systems that are efficient. We have expanded our resources through other sources of revenue and through fully utilizing volunteers. We have stretched our resources to the breaking point and cannot afford the luxury of five percent if it means longer waiting lists and reduction of services.

Private for-profit organizations. I am concerned about the proposed provision to allow for-profit organizations to carry out programs under this act. When we have such limited resources, and we already have established delivery systems which are working, I question the feasibility of encouraging organizations with no proven track record in adult education basic skills instruction to operate programs. A model program to test the feasibility of this approach may be a legitimate expenditure under the National Institute for Education [NIE], or the Secretary's discretionary moneys.

This model may establish the proven validity of such an approach and would provide a basis for recommendations about programs administered by the private sector.

I would now like to turn my remarks to the Higher Education Act, House bill 5240—higher education literacy work-study students in particular. The Adult Education Act provides the major legislation for services in adult basic education programs and targets its efforts toward adults in need of literacy skills. Adult education programs have been fortunate to have a special emphasis placed on their programs by President Reagan in Secretary Bell's literacy initiative that was announced in September of this year.

One aspect of the literacy initiative is the development of the College Work-Study Programs in adult literacy under the Federal College Work-Study Program. I would like to comment on part B of the proposed House bill 5240 as it relates to adult education literacy initiatives in Kentucky.

We have vast experience in using volunteers for literacy instruction and support services for literacy programs. In addition, our national diffusion network grant has resulted in our providing training for 1 of the 18 current demonstration sites in Houston, TX. First, I would like to say that I support the effort to utilize college work-study students to help in the literacy effort. In Kentucky we have used volunteers in our Adult Basic Education Literacy Program for the past 5 years. Our success in developing a model has enabled us to replicate it in 7 other States and in over 200 other counties or school districts.

The model for training volunteers developed by the Kentucky Department of Education has been used to train over 2,000 volunteers just in the past year. These volunteers were able to teach an estimated 8,000 adults to read as a result of the training. We are currently using college work-study students at Murray State University to aid in our adult literacy effort. We see great potential for their service in the fight against illiteracy in Kentucky and throughout the country. I would support and encourage increased

funding for use by colleges for work-study students assigned to adult literacy programs.

Because of our experience in the college work-study literacy in Houston and our experiences with volunteer training and management, I would like to recommend maximizing the impact of this initiative on adult literacy by, first, encouraging colleges and universities to work with existing literacy programs to support and extend the services of adult basic education programs and all local literacy councils which have expertise in volunteer training, program management, and adult literacy instruction.

Two, providing resources in the College Work-Study Program for materials, training, management, and transportation to supplement the student's stipend or providing additional resources to the existing adult basic education programs. Paying students' stipends does not deliver literacy services and cooperative efforts may have to be mandated to maximize resources and offer the best quality services to illiterate adults.

Three, using college work-study students in a variety of roles to support literacy programs, not just as tutors. Administrative duties, recruitment efforts, public relations and volunteer management duties have proven to be viable roles for volunteers working in adult literacy programs.

Students who do not work as tutors should be under immediate supervision of experienced adult educators or literacy coordinators. The recommended model would allow college work-study students to function more as teacher aids in existing literacy programs. This method would encourage one-on-one tutoring and provide the security of a group, as well as the resources of a trained staff person.

I am deeply concerned about providing a high quality program for the adults of Kentucky and feel that the efforts outlined in this proposed legislation will enable us to do that more effectively.

I appreciate all of your efforts for adult education. Your continued support for adult education allows us to provide learning opportunities to those adults in Kentucky who have an impossible task of coping with life because of their lack of basic educational skills. We serve a population which 9 out of 10 of our enrollees have the potential for 20 or more employable years. The Adult Education Act enables us to make those years fulfilling in terms of economics and, more importantly, in terms of the satisfaction of reaching human potential.

I encourage and appreciate the emphasis being placed on adult literacy and am particularly excited about the resources that could be provided for adult education through college work-study programs.

I thank you again for having me here and I would be happy to answer any questions that you may have.

Chairman PERKINS. Let me thank you very much an excellent testimony. First, let me ask you if you have any idea of the need for adult basic education that we are presently meeting in Kentucky and whether or not we could meet that need but for the Federal funds today?

Mrs. McDONALD. I would like to introduce to you Sharon Dawling who is the director of adult education for the State Department of Education who will be answering questions with me. But there is

no doubt in my mind that without Federal funds we could not meet that need. In fact, in Kentucky, we probably would not have a program at all and perhaps Sharon would like to address that.

Ms. DAWLING. We, of course, as you well know, have the biggest need for education for our adults in Kentucky——

Chairman PERKINS. Speak out a little louder there.

Ms. DAWLING. We have the highest percentage of non-high-school graduates of our adults aged 25 years of age and older. We are now reaching a little over 2 percent of our target population in Kentucky. There is a direct correlation between our funding level and the number of adults served in Kentucky. In 1979, we were able to serve more students than we were able to serve last year because of inflation and the fact that our budget did not increase in proportion to the inflation rate.

Chairman PERKINS. Now, let me ask Mrs. McDonald, recently a bill was introduced here to increase the matching in the Adult Basic Education Act from 10 percent up to 40 percent over a period of years. Do we have the money in Kentucky to meet that extra matching? What's your views on that, Mrs. McDonald?

Mrs. McDONALD. The Kentucky State budget has certainly been very lean for the last few years and to meet the 10-percent match has been a difficult task. To meet a match that would be higher would be at the very least difficult and perhaps even impossible, which would severely injure our adult education program.

Chairman PERKINS. I would think that Mr. Williams introduced that bill as a result of the conditions here in Washington, the great deficit and suggesting to the States that they put more—a greater match. But I am wondering if it would not be more detrimental than beneficial——

Mrs. McDONALD. I would agree that it would be more detrimental than beneficial.

Chairman PERKINS [continuing.] In the areas where it is most needed throughout the country.

Mrs. McDONALD. And it is needed most in Kentucky. We are 50th—we have 49 percent of our adults who do not have a high school diploma.

Chairman PERKINS. Mr. Simon, do you have any questions?

Mr. SIMON. No thank you, Mr. Chairman.

Chairman PERKINS. Mr. Gunderson.

Mr. GUNDERSON. Thank you, Mr. Chairman and thank you, Mrs. McDonald. It's good to see you again. You are becoming a familiar face in our committee.

Mrs. McDONALD. It's good to be here again. I am anxious to hear today's questions.

Mr. GUNDERSON. I don't have any questions, but I just want to comment that there are two parts to your testimony particularly that I really appreciate. One is your concern about the removal of the 20 percent maximum expenditure for a program-serving institution and the private for-profit organizations. Both of those areas I agree with you very much.

Let me ask you a general question. Coming from the Department of Public Instruction in Kentucky you heard the testimony earlier and alluded to it a bit yourself of the need of doing something for adult literacy and certainly I support college work-study in that

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effort. But above and beyond that, I must say that I am bit troubled that we need to use the Higher Education Act for literacy programs. I am wondering if adult education and other programs ought not be more properly defined in that area. Do you have any response to that?

Mrs. McDONALD. I really don't have a particular response although it does not bother me to use the Higher Education Act. I certainly think that perhaps by that point we should not be having this problem, but we do. So in order to solve it, I would assume that it would be the appropriate place.

Mr. GUNDERSON. OK. That's fine. Ms. Dawling.

Ms. DAWLING. I really think it's a viable kind of an activity for college work-study and particularly for universities to be involved in that community effort. We have had some experience in training college work-study students in the Houston area. They were one of the 18 demonstration sites. Our real concerns are that there is nothing else built in except a stipend. So we need to strengthen our adult education programs if we are going to able to really work with college work-study students as volunteers. There is no money for transportation, for materials, for training to match those in need with those that are funded to do college work-study programs. So we have some real concerns about how it's working but I think it's a very legitimate expenditure in the Higher Education Act.

Mr. GUNDERSON. I certainly support the use of college work-study for that program. I have some questions about whether in title I of the Higher Education Act seems misplaced. I am not opposed to adult education, but I am not sure that in higher education we ought to be teaching literacy. Hopefully, we have other programs that are geared for that.

Mrs. McDONALD. I guess in a different area we look at this all the time in Kentucky. I always hear about duplication. We are doing this in elementary and secondary education, particularly in vocational education and then we are doing it through our community colleges. I guess in Kentucky we have such a severe problem that it is not duplication and that it takes all of the resources coming whatever area to solve the problem. At least I can say that for Kentucky. The problem is so severe that——

Chairman PERKINS. Let me interrupt to state that we had the Teacher of the Nation here with us, Mrs. Sisney (phonetic) from the great city of Louisville, KY. She is there in the side room somewhere. But we have Congressman Snyder here with Mrs. Sisney's class from the city of Louisville. All of you stand up. We want to recognize you.

Thank all of you very much. We are delighted you are here this morning. Thank you. Gene.

Go right ahead. Excuse me for interrupting.

Mr. GUNDERSON. I am finished.

Mrs. McDONALD. I would like to compliment Mrs. Sisney's class from Ballard High School. They have been here, I think, since Sunday and are certainly fine examples of fine Kentucky students and they certainly have had a great learning experience.

Chairman PERKINS. I tried to hold her until we could get a picture, but she had other appointments and now she's gone.

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Any further questions, Mr. Simon? Just leave that out of the record.

Mr. SIMON. No; thank you.

Chairman PERKINS. All right; thank you very much for this morning. We are delighted you are up here with us and, Mrs. McDonald, we are always glad to have you visit with us.

Mrs. MCDONALD. Thank you, Congressman Perkins.

Chairman PERKINS. All right; come around the regular witnesses now and we'll get back to the other panel. We'll go right on. We'll hear now from Dr. Jolly, Director of Hazard Community College. Come on up, Dr. Jolly.

[Prepared statement of Dr. Marvin Jolly follows:]

PREPARED STATEMENT OF J. MARVIN JOLLY, DIRECTOR, HAZARD COMMUNITY COLLEGE, HAZARD, KY

Mr. Chairman, distinguished members of the Subcommittee on Postsecondary Education, I am Marvin Jolly, Director of Hazard Community College, Hazard, Kentucky. I appreciate this opportunity to work with you on the legislation you have formulated to reauthorize the Higher Education Act of 1965. Your insight, leadership, and determination to get the reauthorization passed is appreciated by all postsecondary education. Mr. Chairman, as you have pointed out, the importance of this bill to the future direction and wellbeing of our postsecondary education institutions, our communities and our nation, cannot be overemphasized.

Hazard Community College is one of 13 colleges in the University of Kentucky Community College System. Six hundred and fifty students were enrolled during the fall semester and many of these could be described as non-traditional. Forty percent were part-time and women comprised about 66 percent of the student body. A third of the students (210) were over 25 years of age. Forty-two percent were in career programs designed to be completed in two years. I might add that the unemployment rate in our area stands at 15.2 percent. The area's principle industry, mining, remains depressed. Approximately 74 percent of the residents over 19 years of age do not have a high school diploma. At least half of our students receive some form of financial aid. Against this background it is easy to see why we strongly agree with the major objectives of the reauthorization which include expanding access to postsecondary education, improving program efficiency and enhancing quality. These objectives represent precisely the mission of community colleges.

Mr. Chairman, it is the feeling of the community colleges in Kentucky that the Pell Grant program has become the most significant feature of the Act.

In the last full academic year at Hazard Community College, 1982-83, we had 143 students on Pell Grants totaling $84,625. For the other campuses of the Kentucky community college system in chairman Perkins' District, Pell Grants ran 292 grants and $184,822 at Ashland, 173 grants and $120,456 at Maysville, and 159 grants and $98,932 at Prestonsburg. For 1982-83 for the whole Kentucky community college system, 5,620 Pell Grants were made, totaling $3,389,235.

Therefore, the highest priority of our colleges in the reauthorization is to ensure that the Pell Grant program be renewed, strengthened, simplified and streamlined. Like you, we believe that this program should be viewed as an entitlement for any American who wishes to participate in postsecondary education. We also strongly support your effort to increase the maximum possible award to $3,000 and to provide mechanisms by which the maximum will increase automatically on an annual basis depending on the increases in the costs of education.

In addition, we support your endeavor to eliminate the half-cost limitation of the Pell Grant program and to increase the allowance for tuition and fees to 75 percent of costs. We disagree with the differential allowances that are proposed for commuter students. There is evidence that the costs of living on campus are approximately the same as those living off campus. We would like to propose that the Act include a provision for an allowance of at least 60 percent of the total living costs for all students whether living on or off campus. Inclusion of such a provision will alleviate the inequities community college students have endured for the past 11 years, reduce the attrition rate of those who have had to dropout because of insufficient funds and will broaden the opportunity for thousands of new students who, because of lack of income, have been denied access to postsecondary institutions.

The provision that students who are 24 years of age or older are automatically declared independent students should dramatically simplify and streamline the financial aid process.

Finally Mr. Chairman, in regard to Title IV, we are concerned about lumping College Work-Study and Cooperative Education programs together and then permitting the use of work-study students to tutor functionally illiterate adults. In order to avoid confusion between the programs and to ensure that each program retains its distinct features, we feel they should not be combined. Permitting the use of work-study students to tutor functionally illiterate adults could provide the precedent for setting up a host of special setasides.

Finally, Mr. Chairman, I would like to briefly comment on some of the other titles in the Act.

In regard to Title I, we support your effort to ensure that state and local officials coordinate their programs with other related federally supported efforts. We are also supportive of the emphasis you place on employment training and information resources in this Title. A number of local state and and national studies indicate that adult education and training will be in increasingly greater demand in the near future.

Our concern with Title I, Mr. Chairman, relates to the fact that it does not seem to stretch beyond the familiar kinds of program activities to the broader domain of insitutional change. Community, technical, and junior colleges, probably better than any other kind of postsecondary institution, have produced an impressive array of programs for adults and we have adjusted our instructional behavior to match this older population. We still, however, need to improve our programs and our approaches, and we need financial incentives to make these improvements. We would propose that the important mandates in this Title, then, should be on stimulating institutional changes and instructional modifications.

The limited funding received through Title II for library resources has been very beneficial to community colleges in Kentucky. We would like to propose that this Title be broadened to also assist the colleges to adopt the total learning process to technological change.

We would like to stress our support for the Title III program which remains as the only institutional grant program. This program has been essential to community colleges in serving the needs of the large number of minority and low-income students enrolled in community colleges. We support the provision in your bill which provides a new Title XII to renew the endowment matching grants, for which you have earmarked Part C of Title III by your amendments of last year.

And finally, Mr. Chairman, we strongly support the renewal of Title VIII, the Cooperative Education Program, which has been so beneficial in providing students with the opportunity to integrate their classroom learning with work experience.

Thank you, Mr. Chairman, for the opportunity to address your Subcommittee.

STATEMENT OF DR. MARVIN JOLLY, DIRECTOR, HAZARD COMMUNITY COLLEGE

Dr. JOLLY. Thank you, Mr. Chairman. I appreciate this opportunity to work with this committee on the attempt to reauthorize the Higher Education Act of 1965. The chairman and the committee's leadership and determination to get this reauthorization pushed through is appreciated by all of postsecondary education everywhere.

Mr. Chairman, you pointed out previously that this is vital to the community and the Nation and especially to postsecondary education.

Let me briefly give you some facts about Hazard Community College. It's 1 of 14 community colleges in the University of Kentucky community college system. There were 650 students enrolled in the fall semester and many of these could be described as what we call nontraditional: 40 percent were part time, women comprised 66 percent, a third of the students were over 25 years of age, and, 32 percent were in career programs, to be completed in 2 years. I might add that the unemployment rate in our area stands at a little better than 15 percent. The area's principle industry, mining,

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remains depressed. In some areas of our service district, over 70 percent of the residents 19 years of age or over do not have a high school diploma. At least half of our students receive some form of financial aid. Against this financial background it is easy to see why we strongly agree with the major objectives of the reauthorization which include expanding access to postsecondary education, improving program efficiency and enhancing quality. These objectives represent precisely the missions of a community college.

Mr. Chairman, it is the feeling of the community colleges of Kentucky that the Pell Grant Program has become the most significant feature in this act. In the last academic year, Hazard Community College had 143 students on Pell Grants totaling $84,000-plus. At Ashland Community College, there were 292 students and the amount of money was over $184,000. Maysville; 173 students, $120,000-plus; Prestonsburg, 159 students, nearly $100,000.

Those of you who are not familiar, we have just spoken to the various community colleges in Chairman Perkins' district for a total of 767 students receiving short of $500,000 in BEOG or Pell Grants.

In the community college system as a whole in Kentucky, there were 5,620 Pell Grants in the 1982–1983 year totaling $3,389,000.

Therefore, the highest priority of our colleges is to ensure that the Pell Grants be renewed, strengthened, simplified, and streamlined. Like you, we believe that this program should be viewed as an entitlement of any American who wishes to participate in postsecondary education. We strongly support your effort to increase the maximum possible award to $3,000 and to provide the mechanism by which the maximum will increase automatically on the basis, depending on the increased cost of education.

In addition, we support your endeavor to eliminate the half-cost limitation of the Pell Grant Program and to increase the allowance for tuition and fees to 75 percent of cost. We disagree with the differential allowances that are proposed for commuter students. There is evidence that the costs of living on a campus are approximately the same as living off the campus. We would like to propose that the act include a provision for an allowance of at least 60 percent of the total living costs for all students whether living on or off campus. Inclusion of such a provision will alleviate the inequities community college students have endured for the past 11 years, reduce the attrition rate of those who have had to drop out because of insufficient funds and will broaden the opportunity for thousands of new students who, because of the lack of income, have been denied access to postsecondary institutions.

The provision that students who are 24 years of age or older who are automatically declared independent students should dramatically simplify and streamline the financial aid process.

Finally, Mr. Chairman, in regard to title IV we are concerned about lumping the College Work-Study and the Cooperation Education Programs together and then permitting the use of work-study students to tutor functionally illiterate adults. In order to avoid confusion between programs and to ensure that each program retains its distinct procedure, we feel they should not be combined. Permitting the use of work-study students to tutor functionally illiterate adults could provide a precedent setting for a host of spe-

cial set-asides. I am very conscious of the testimony that Alice McDonald just gave and I would call to the committee's attention that Hazard Community College along with five other community colleges in our region have a long history of an outreach program using work-study students for educational and health purposes. But it is the special set-aside feature that we are opposing. It is not the purpose that is identified here. We are afraid if this set-aside comes about, then it will a continuous chain of set-asides which we think would be bad.

Finally, Mr. Chairman, I would like to briefly comment on the other titles of the act.

In regard to title I we support your effort to ensure that State and local officials coordinate their programs with other federally supported efforts. We also are supportive of your emphasis on employment training and information resources in this title. A number of local, State and national studies indicate that adult education and training will be in increasingly greater demand in the near future.

Our concern with title I relates to the fact that it does not seem to stretch beyond the familiar kinds of program activities to the broader domain of institutional change. Community, technical, and junior colleges, probably better than any other kind of postsecondary education institutions, have produced an impressive array of programs for adults and we have adjusted our institutional behavior to match this older population. We still, however, need to improve our programs and our approaches and we need financial incentives to make these improvements. We propose that the important mandates in this title should be stimulating institutional change and instructional modifications.

The limited funding received through title II for the library resources has been very beneficial to the community colleges in Kentucky. We would like to propose that this title be broadened to assist the colleges to adapt a total learning process to all technical changes that are coming about.

We would like to stress our support for title III, which remains the only institutional grant program. This program has been essential to community colleges in serving the needs of the large number of minority and low-income students enrolled in community colleges. We support the provision in your bill which provides a new title XII to renew the endowment matching grants, for which you have earmarked part C of title III by your amendments of last year.

And finally, Mr. Chairman, we strongly support the renewal of title VIII, the Cooperative Education Program which has been beneficial in providing students with the opportunity to integrate their classroom learning with work experience.

Thank you, Mr. Chairman. To reemphasize, the most important part of this whole thing to those of us in Kentucky, is the student aid aspects of it.

Chairman PERKINS. Dr. Hall, you can come back around to the table now. Just sit around the table, all of you. There is plenty of room there.

Our next witness is John Frazer, executive director, of the Council of Independent Kentucky Colleges and Universities. Go ahead, Mr. Frazer.

[Prepared statement of John Frazer follows:]

PREPARED STATEMENT OF JOHN W. FRAZER, EXECUTIVE DIRECTOR, COUNCIL OF INDEPENDENT KENTUCKY COLLEGES AND UNIVERSITIES, DANVILLE, KY

Mr. Chairman, my name is John W. Frazer. I am the Executive Director of the Council of Independent Kentucky Colleges and Universities, a consortium of the twenty regionally accredited, non-tax supported institutions in Kentucky. Two of my colleagues who can testify on the direct concerns of their own institutions are here today, President Jack Hall of Pikeville and President Troy Eslinger of Lees. Thank you for affording us an opportunity to respond to your proposed reauthorization of the Higher Education Assistance Act.

Congressman Simon, we applaud and share many of your dreams for Federal policy in postsecondary education. Indeed, since our colleagues have adopted a policy initiative stressing student aid as the proper way to address the issues of "access" and "choice" and since the cost to the student has increased by $2,600/year in the private sector since 1980, it is of monumental and immediate concern to our students, their families, our institutions, and we believe the nation. In addition, your emphasis on a master calendar, simplicity, and incorporation of a family contribution schedule in law are to be commended and devoutly to be desired.

However we have reluctantly reached the conclusion that passage of HR 5240 at this point in time could create serious difficulties for higher education and particularly for the independent sector. It incorporates elements which, in our judgment, could become deeply divisive for the higher education community and is not sensitive to the respective roles that the states have developed to effectively maintain a vigorous, pluralistic delivery system in this nation.

We are particularly concerned about Title II, III, and IV. I will address some of our concerns here and submit written comments in greater detail. In addition Mr. Paul Borden, Executive Director of the Kentucky Higher Education

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Assistance Authority, will address in more detail some of our concerns about specific changes in the loan programs.

We have conducted an analysis of the impact of the changes proposed in Title IV on the students attending Kentucky's institutions. It is appended so that the specific data on each institution and on all classes of students and families will be available to you, your colleagues and your staff. However, I would like to highlight a significant potential shift that occurs under the calculus of HR 5240 in the area of Pell Grants. In 1983-84 using a combination of the federal programs and the Kentucky State Grant programs a student with maximum need attending our lowest priced institution or one of the state community colleges would have an unmet need of $715 to $850 to be met by work and by loans. The same student qualifying for admission to and desiring to attend our highest priced institutions would have a remaining unmet need of over $6,400 per year. Under HR 5240 the students in the lowest priced institutions would have an unmet need of $103 without even using the state grants while the students qualifying for admission to and electing to attend the higher priced institutions would still have an unmet need of over $6,300/year. A student electing to attend the University of Kentucky would have an unmet need of approximately $1,400. Thus the Pell Grant provisions of HR 5240, since they are not sensitive to tuition or to institutions with heavy capital investments, would appear to have the impact of enhancing "access" but seriously reducing "choice" for students--a federal policy outcome that would seem to fly in the face of the demands imposed by the information age. It would also have, in our judgment, the consequence of virtually eliminating personal responsibility for some students while demanding increased work and loan demands for other equally deserving students with the same need. Would it not, perhaps, be more equitable and effective to examine the possibility of using a percentage of "need" rather than "half cost" as a starting point?

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Beyond these facts we are also deeply concerned that as the costs of the Pell and GSL as "entitlements" increase, Congress will find it necessary to hold the line on student aid funding by restricting appropriations to the campus-based programs that will be needed to make higher priced education available to needy students. In fact, as much as we applaud the flexibility that might come to the campus-based programs by combining them into a block grant we believe they become more vulnerable at the very time that they are more desperately needed to assure "choice."

Mr. Chairman, as you know, there are differences in the ways states fund higher education. It is part of the marvelous diversity and creativity of our system as it has evolved. It is to be devoutly hoped that Federal policy will continue to recognize those differences since any undue change in the balance could have disasterous fiscal consequences on the states while at the same time eroding the national capacity in higher education.

In the proposed Title II we are concerned that the need criteria appear burdensome and specify no cutoff point on the scale of need so we have no way of even estimating how many institutions might be dropped from eligibility. However, it is our assumption that funds would in all probability be shifted to urban institutions serving students who fit the current federal description of disadvantaged and thus exclude many rurally based institutions. Inasmuch as many of our institutions serve Appalachia we are particularly vulnerable in this vital area. This gives us a self interest but we hope we are transcending that concern by stipulating that Appalachia is also a disadvantaged area and expressing the hope that a simple assurance from the institutions that Title II funds are needed to significantly improve the program and/or maintain accreditation could be substituted for the criteria which have been proposed.

Our concerns in Title III are somewhat the same. Simplification of the current program is desirable, but the absence of a cutoff point makes it impossible

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to assess the impact on institutions that are currently eligible. We cannot do else but assume that the probable effect would be to squeeze out smaller rural (i.e. Appalachian) institutions.

Finally, even though I appear before you as an ardent advocate of reasonable funding for higher education I cannot help but express serious reservations about the cost of HR 5240 in addition to the particular concerns already expressed that HR 5240 seems to have for curtailing choice and creating divisiveness within higher education. For example, the extension of Pell Grants allowing use during the first year of graduate school at a time when we have yet to come close to authorized levels of funding for extant programs is desirable but does not seem to be feasible. So in conclusion, even though we applaud much that has been proposed we do have genuine concerns about the impact of HR 5240 in both a practical and fiscal sense. We earnestly hope that much of HR 5240 is incorporated in the reauthorization that will govern Federal educational policy in the future--it is good! However, we feel there are several serious problems as it now stands and we deeply appreciate this opportunity to voice those concerns.

April 10, 1984

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[illegible] Costs and Government Aid for Kentucky Institutions, 1983-84

Institution	Total	Educational Exp* $	% of Tot	Personal Exp** $	% of Tot	Maximum Pell Gr	Maximum State Gr	Minimum Remaining After $	% of Tot
Alice Lloyd	[illegible]	2075	54.49	[illegible]	45.51	[illegible]	1150	2445	[illegible]
Asbury	7170	3945	55.02	3225	44.98	[illegible]	1150	4220	[illegible]
Ashland Comm Coll	2314	664	28.69	1650	71.31	1157	[illegible]	857	37.04
Bellarmine	[illegible]	3700	[illegible]	2100	[illegible]	[illegible]	1150	3050	[illegible]
Berea	8130	5850	71.96	2280	28.04	1800	1150	5180	63.71
Brescia	[illegible]	3313	57.04	2495	42.96	[illegible]	1150	2858	49.21
Campbellsville	[illegible]	3168	52.15	2900	47.85	[illegible]	1150	3118	51.32
Centre	9378	6218	66.28	3160	33.72	[illegible]	1150	6428	68.52
Cumberland	4956	2630	53.07	2326	46.93	[illegible]	1150	2006	40.48
Eastern Kentucky	3622	1076	29.71	2546	70.29	[illegible]	[illegible]	1522	42.02
Elizabethtown C C	2314	664	28.69	1650	71.31	1157	[illegible]	857	37.04
Georgetown	6692	3882	58.01	2810	41.99	[illegible]	1150	3742	55.92
Hazard Comm Coll	2314	664	28.69	1650	71.31	1157	[illegible]	857	37.04
Henderson Comm Col	2314	664	28.69	1650	71.31	1157	[illegible]	857	37.04
Hopkinsville C C	2314	664	28.69	1650	71.31	1157	[illegible]	857	37.04
Jefferson Comm Col	2314	664	28.69	1650	71.31	1157	[illegible]	857	37.04
Kentucky State	3646	1126	30.88	2520	69.12	[illegible]	[illegible]	1546	42.40
Kentucky Wesleyan	6198	4028	64.99	2170	35.01	[illegible]	1150	3248	52.36
Lees	4904	2608	53.82	2296	46.98	[illegible]	1150	1954	39.85
Lexington Tech Inst	[illegible]	1268	27.20	3393	72.80	[illegible]	[illegible]	2561	54.95
Lindsey Wilson	5868	2978	50.61	2890	49.39	[illegible]	1150	2918	49.73
~~Madisonville C C~~	~~2314~~	~~664~~	28.69	1650	71.31	1157	[illegible]	857	37.04
Maysville Comm Col	2314	664	28.69	1650	71.31	1157	[illegible]	857	37.04
Midway	6450	3330	51.63	3120	48.37	[illegible]	1150	3500	54.26
Morehead State	[illegible]	1066	29.61	2534	70.39	[illegible]	[illegible]	1500	41.67
Murray State	3420	1106	30.55	2314	69.45	[illegible]	[illegible]	1520	44.99
Northern Kentucky	3266	966	29.58	2300	70.42	1633	[illegible]	1333	40.81
Paducah Comm Coll	2314	664	28.69	1650	71.31	1157	[illegible]	857	37.04
Pikeville	5989	3244	54.17	2745	45.83	[illegible]	1150	3039	50.74
Prestonsburg C C	2314	664	28.69	1650	71.31	1157	[illegible]	857	37.04
St Catharine	5150	2675	51.94	2475	48.06	[illegible]	1150	2200	42.72
Somerset Comm Coll	2314	664	28.69	1650	71.31	1157	[illegible]	857	37.04
Southeast Comm Col	2314	664	28.69	1650	71.31	1157	[illegible]	857	37.04
Spalding	6525	3725	57.24	2790	42.76	[illegible]	1150	3575	54.79
Sue Bennett	3665	1815	49.52	1850	50.48	[illegible]	1150	715	19.51
Thomas More	6400	4000	62.50	2400	37.50	[illegible]	1150	3450	53.91
Transylvania	[illegible]	5928	66.48	3000	33.52	[illegible]	1150	[illegible]	67.04
Union	6450	4150	64.34	2300	35.66	[illegible]	1150	3500	54.26
Univ of Kentucky	4136	1268	30.66	2868	69.34	[illegible]	[illegible]	2036	49.22
Univ of Louisville	3830	1287	33.60	2543	66.40	[illegible]	[illegible]	1730	45.17
Western Kentucky	3900	1096	28.10	2804	71.90	[illegible]	[illegible]	1800	46.15

* Educational Expenses The sum of Tuition & Fees and Books & Supplies.
** Personal Expenses The sum of Room & Board, Personal, Transportation, and other Expenses.

Source: "Getting In", Information Publication of the Kentucky Higher Education Assistance Authority

The Impact of Proposed Changes in Pell Grant Calculation upon Kentucky Colleges and Universities, Based on Current Fee Val.

(75% of Tuition & Fees, $2000 Maximum Maintenance, $3000 Maximum Grant)

Institution	Tuition & Fees	Room & Board	Books & Supplies	Personal	Transport	Other	Total	T&F % of Tot	Exp Other Than T&F % of Tot	Allowed Maint	Proposed Maxi Pell Grant $	% of
Alice Lloyd	2245	1550	150	360	90	0	4395	51.08	48.92	2000	3000	68
Asbury	3615	2205	330	570	450	0	7170	50.42	49.58	2000	3000	41
Ashland Comm Coll	414	1150	250	0	500	0	2314	17.89	82.11	1900	2211	95
Bellarmine	3600	1100	300	500	500	0	6000	60.00	40.00	2000	3000	50
Berea	5600	1602	250	440	0	120	8130	68.88	31.12	2000	3000	36
Brescia	3000	1795	225	500	200	0	5800	53.17	46.83	2000	3000	51.
Campbellsville	2000	2100	200	575	225	0	4600	47.52	52.48	2000	3000	49.
Centre	5960	2500	250	500	160	0	9370	63.61	36.39	2000	3000	32.
Cumberland	2300	1576	250	500	250	0	4956	48.02	51.98	2000	3000	64.
Eastern Kentucky	846	1946	230	500	100	0	3622	23.36	76.64	2000	2635	72.
Elizabethtown C C	414	1150	250	0	500	0	2314	17.89	82.11	1900	2211	95.
Georgetown	3632	2360	250	450	0	0	6692	54.27	45.73	2000	3000	44.
Hazard Comm Coll	414	1150	250	0	500	0	2314	17.89	82.11	1900	2211	95.
Henderson Comm Col	414	1150	250	0	500	0	2314	17.89	82.11	1900	2211	95.
Hopkinsville C C	414	1150	250	0	500	0	2314	17.89	82.11	1900	2211	95.
Jefferson Comm Col	414	1150	250	0	500	0	2314	17.89	82.11	1900	2211	95.
Kentucky State	826	1770	300	400	150	0	3646	22.65	77.35	2000	2620	71.
Kentucky Wesleyan	3770	1970	250	200	0	0	6190	60.90	39.10	2000	3000	48.
Lees	2400	1734	200	350	200	0	4884	48.94	51.06	2000	3000	61.
Lexington Tech Inst	1055	2318	250	575	500	0	4661	21.84	78.16	2000	2764	59.
Lindsey Wilson	2700	2200	230	520	90	0	5865	46.69	53.31	2000	3000	51.
Madisonville C C	414	1150	250	0	500	0	2314	17.89	82.11	1900	2211	95.5
Maysville Comm Col	414	1150	250	0	500	0	2314	17.89	82.11	1900	2211	95.5
Midway	3030	2300	300	500	320	0	6450	46.98	53.02	2000	3000	46.5
Morehead State	846	1860	250	570	100	0	3766	22.47	77.53	2000	2612	72.5
Murray State	836	1570	270	400	344	0	3620	23.09	76.91	2000	2627	72.5
Northern Kentucky	846	1100	150	500	0	700	3296	24.98	75.02	2000	2612	79.9
Paducah Comm Coll	414	1150	250	0	500	0	2314	17.89	82.11	1900	2211	95.5
Pikeville	2994	1965	250	400	400	0	5999	49.99	50.01	2000	3000	50.0
Prestonsburg C C	414	1150	250	0	500	0	2314	17.89	82.11	1900	2211	95.5
St Catharine	2400	1850	275	625	0	0	5150	46.60	53.40	2000	3000	58.2
Somerset Comm Coll	414	1150	250	0	500	0	2314	17.89	82.11	1900	2211	95.5
Southeast Comm Col	414	1150	250	0	500	0	2314	17.89	82.11	1900	2211	95.5
Spalding	2310	2250	225	640	0	0	4325	53.79	46.21	2000	3000	45.9
Sue Bennett	1615	1450	200	400	0	0	3665	44.07	55.93	2000	3000	81.8
Thomas More	4000	2400	0	0	0	0	6400	62.50	37.50	2000	3000	46.8
Transylvania	5700	2450	250	500	50	0	8950	63.69	36.31	2000	3000	33.5
Union	3950	1900	200	400	0	0	6450	61.24	38.76	2000	3000	46.51
Univ of Kentucky	1085	2310	250	550	0	0	4135	26.41	73.59	2000	2764	66.82
Univ of Louisville	999	1932	200	375	226	0	3730	26.78	73.22	2000	2749	71.78
Western Kentucky	846	2370	250	450	100	0	3980	21.60	78.31	2000	2635	67.55

Source: "Getting In", Information Publication of the Kentucky Higher Education Assistance Authority

Summary of Dependent Students' Parents' Income for Kentucky FAF Filers, Fall, 1983

	Senior State Supported				Community Colleges				Total Independent			
Parents' Income	#	%	# Below Interval	% Below Interval	#	%	# Below Interval	% Below Interval	#	%	# Below Interval	% Bel Inter
60000-OVER	193	0.82	23597	99.18	4	0.13	3074	99.87	118	1.16	10092	98.
57000-59999	54	0.23	23543	98.95	1	0.03	3073	99.84	43	0.42	10149	98.
54000-56999	105	0.44	23438	98.51	2	0.06	3071	99.77	49	0.48	10100	97.
51000-53999	139	0.58	23299	97.93	6	0.19	3065	99.58	77	0.75	10023	97.
48000-50999	185	0.78	23114	97.15	7	0.23	3058	99.35	105	1.02	9918	96.
45000-47999	316	1.33	22798	95.82	16	0.52	3042	98.83	175	1.70	9743	94.
42000-44999	450	1.89	22348	93.93	16	0.52	3026	98.31	240	2.33	9503	92.4
39000-41999	679	2.85	21669	91.08	28	0.91	2998	97.40	314	3.05	9189	89.
36000-38999	942	3.96	20727	87.12	65	2.11	2933	95.29	456	4.42	8733	84.
33000-35999	1157	4.86	19570	82.25	84	2.73	2849	92.56	541	5.25	8192	79.
30000-32999	1380	5.80	18190	76.45	113	3.67	2736	88.89	644	6.25	7548	73.
27000-29999	1686	7.09	16504	69.37	187	6.08	2549	82.81	756	7.33	6792	65.
24000-26999	1886	7.93	14618	61.44	233	7.57	2316	75.24	831	8.06	5961	57.
21000-23999	1980	8.32	12638	53.12	229	7.44	2087	67.80	811	7.87	5150	49.
18000-20999	1980	8.32	10658	44.80	264	8.58	1823	59.23	785	7.61	4365	42.
15000-17999	2054	8.63	8604	36.16	274	8.90	1549	50.32	841	8.16	3524	34.
12000-14999	2062	8.67	6542	27.50	320	10.40	1229	39.93	857	8.31	2667	25.
9000-11999	2040	8.57	4502	18.92	344	11.18	885	28.75	824	7.99	1843	17.
6000-8999	1852	7.78	2650	11.14	357	11.60	528	17.15	709	6.88	1134	11.
3000-5999	1450	6.09	1200	5.04	280	9.10	248	8.06	644	6.25	490	4.7
0-2999	1200	5.04	0	0.00	248	8.06	0	0.00	490	4.75	0	0.0
	23792	100.00			3078	100.00			10310			

Source: College Scholarship Service

Average Parents' Contribution, Net Worth and Home Equity for Kentucky Dependent Student FAF Filers, Fall, 198[illegible]

Parents' Income	Average Parents' Contribution: State Supported 4-Year	2-Year	Independent	Average Parents' Net Worth: State Supported 4-Year	2-Year	Independent	Average Parents' Home Equity: State Supported 4-Year	2-Year	Independent
60000-OVER	12147	23471	12883	187586	73817	182828	54679	54167	57
57000-59999	8812	18914	8532	71225	14634	76284	44698	14117	49
54000-56999	7418	7164	[illegible]	59625	61688	75914	45841	39972	44
51000-53999	6848	6454	6293	55954	49264	55827	48263	34667	36
48000-50999	5900	6953	5728	[illegible]	50828	54815	40412	45517	44
45000-47999	5159	4931	3593	46111	46579	54083	34998	32838	41
42000-44999	4631	3805	3878	43294	34485	49238	33489	27237	37
39000-41999	3803	3104	4549	42348	29972	52104	33599	23899	34
36000-38999	3199	3384	3533	[illegible]	[illegible]	[illegible]	32252	24643	32
33000-35999	2752	2614	2962	38872	26941	41361	[illegible]	25268	33
30000-32999	2142	1935	2378	34178	25891	37945	27676	23859	38
27000-29999	1717	1442	1868	32566	22679	35409	27349	22996	29
24000-26999	1338	1314	1437	[illegible]	25729	33729	29828	21514	267
21000-23999	951	[illegible]	1185	28499	23851	32576	24897	21483	262
18000-20999	685	633	723	28838	25387	31498	24792	21319	254
15000-17999	482	286	382	26249	21976	28863	23777	20628	226
12000-14999	157	109	161	25311	22633	25379	23887	20312	217
9000-11999	86	36	108	23726	20533	24267	20788	17797	218
6000-8999	63	7	67	21648	16891	21979	19244	16668	198
3000-5999	37	7	48	22771	17913	22883	19788	16254	188
0-2999	87	18	48	26489	22825	28179	22327	18866	198
Average	1335	718	1571	31466	22865	34887	26835	20552	2741

Source: College Scholarship Service

Some Characteristics of Kentucky FAF Filers, Fall, 1983

	State Supported		Independent
FALL, 1983	4-Year	2-Year	
Dependent Filers	23993	3189	10379
Average Age	20.2	20.1	19.9
% of Filers	74.42	55.48	80.23
Independent Filers	8248	2495	2558
Average Age	24.5	29.6	27.1
% of Filers	25.58	44.52	19.77
Total Filers	32241	5684	12937
Average Age	21.8	24.3	21.3
FALL, 1982			
FTE Undergraduates	64273	14562	14738
Filers as % of FTE *	50.16	38.48	87.78

* This percentage is only indicative; the Fall, 1983 enrollments are not available.

STATEMENT OF JOHN FRAZER, EXECUTIVE DIRECTOR, COUNCIL OF INDEPENDENT KENTUCKY COLLEGES AND UNIVERSITIES

Mr. FRAZER. Thank you, Mr. Chairman, Mr. Simon. Congressman Perkins knows what I do and Mr. Gunderson. We represent the 29 tax-supported institutions in the State, currently serving about 15 percent of the students and recognizing the hours of testimony that you gentleman have waded through, we have prepared a summary of the bill and comments in most cases, but I would like to pick up on a few things emphasizing a point or two that my colleagues have covered before and then moving into some other areas.

First of all, Mr. Simon, all of us want you to know that we share many of your dreams for Federal policy in postsecondary education. We have had the privilege of working with Mr. Natcher and your chairman over a period of years and they have led the way in this area. We appreciate your leadership.

Your emphasis on a master calendar, simplicity and cooperation of a family contribution schedule in law are to be commended and devoutly to be desired. They are the areas that we have had a heck of a lot of trouble with.

As I said, not to belabor the points or to take too much time, I would like very quickly to pick up on something that Jack Hall said earlier and has been alluded to by some of my other colleagues. In the proposed title II, we are concerned that the need criteria appear to be somewhat burdensome and specify no cutoff point on the scale of need so that we have no way of even estimating how many institutions might be dropped from eligibility.

However, it is sort of our assumption that the funds would, in all probability, be shifted to urban institutions serving students who fit the current Federal description of disadvantaged and thus may exclude some of the rurally based institutions.

Inasmuch as many of our institutions serve Appalachia, we have a concern. I think it's been well expressed. I won't belabor the point further.

In title III, our concerns are somewhat the same—simplification, great—but the absence of a cutoff point again creates some problems. We don't know what will happen with it and we, again, feel that the adverse impact would probably be felt most directly in the smaller, rural institutions, again, with Appalachian flavor.

Finally, Mr. Chairman, though, I really would like to come to title IV. It is the one that obviously has the greatest impact on the independent sector institutions. Since the State institutions are directly funded by the State of Kentucky, the independent institutions are more directly involved in the Federal panoply of programs.

I won't go over in detail all of the information that I have prepared but I have appended to my testimony for you, your staff, colleagues, five tables. The first of those tables demonstrates what is happening now in Kentucky and points up very well the point that the Higher Education Assistance Authority acting under the auspices of the Kentucky Legislature has developed a program that complements the Federal program which has been developed over the years. It indicates the percent of the remaining need in all of the institutions in Kentucky, private and public, senior and junior.

The second table—and recognizing that we are certainly not all-wise by any means—but as best we could we have tried to take the provisions in title IV, in H.R. 5240 as you have developed them, and run the calculus on that to show what the impact would be on our Kentucky institutions.

In the third table we have looked at the breakdown of parents' incomes in the senior, State-supported, the community and the independent. I do call your attention to the fact, particularly in the independent sector, since we are concerned not only about access, but about choice, that of those who filed financial aid forms in Kentucky last year—those with less than $12,000 a year incomes—26 percent of them sought admission to the independent sector and we have only 15 percent of the students.

This is not to draw any disparaging differences between the sectors. It's simply to say that the diversity does meet in many cases the need of the disadvantaged in a way that is part of the hallmark of our American educational system. We are proud of it.

The fourth table looks at assets for those families in Kentucky and I think may be interesting to you as you contemplate it in the future.

The fifth table simply looks at the demography. I won't bore you by going on with a lot of statistics. I think that would be somewhat redundant and very ridiculous.

I would, however, like to call your attention specifically to part of the calculus. You know, this is part of the marvelous thing. We have community colleges, we have senior colleges, we have independent sector colleges and you in this dialog in the Congress and we in our own way try to reconcile the differences that exist. But the calculus of 5240 as we look at it does some rather interesting things.

For instance, if we were to take under the current situation in Kentucky, the complementary Federal and State program, the unmet of the student either in our lowest cost institution, which is

a little institution of about 200 students in London, KY, a private junior college, and the community colleges, the unmet need of those students, using the Federal and State programs complementary, would be somewhere between $750 and $850. At least as we interpret it, the calculus of H.R. 5240 would reduce that unmet need using only the Federal component to approximately $100 for those who are most needy.

Our concern is that much of the study that has been done about financial aid indicates that those who have some responsibility for their own education through work, continued loan, are those who profit most from it and make the greatest contribution. We think this might eliminate a part of that. We also think it has the tendency to make the lowest cost institutions accessible but at the same time to create serious problems for those with higher tuitions or higher capital investments.

For instance, in our highest price institutions, the unmet need under the current situation is $6,400 using the same rubric that we used in regard to the community colleges and our lowest cost institutions, that would drop to $6,300. That still has a fairly heavy impact. At the University of Kentucky, that unmet need would be $1,400 under the calculus of H.R. 5240.

Since the States are directly involved—and we have developed a marvelous complementary program—we hope that this diverse type of funding between States and Federal, the diversity of publicly and privately nonprofit institutions would be a part of your considerations and we think that H.R. 5240, particularly in title IV does create some potential sources of conflict between the independent sector or the private sector and the public sector that we have been able to avoid up to this point.

ACE did comment that the bill did have the apparent effect of becoming potentially divisive for higher education.

Finally, Mr. Chairman—well, Mr. Chairmen, I should say at this point—we deeply appreciate what you have done for the TRIO Program. We hope that that can be maintained and held. As Kentuckians, we deeply appreciate the impact of title V in recognition of, we think, one of the distinguished Americans and we hope that that will become a part of whatever legislation might exist.

We commend what you have done. We join with our colleagues in the public sector and in the private sector to say we think that much that is here is marvelous and needed. We would hope, however, that given the fiscal constraints that we confront right now that it would be used as the basis for continuing discussion, particularly as we contemplate what might happen in the block grants.

As you well know, in the amendments of 1980, we stipulated some funding levels that would come into being as we reach certain points. Notwithstanding, those legislative stipulations, we are still $150 million shy on some of them. The creation of the block grants do simplify. They give flexibility. But we in the independent sector and those in the higher priced public sector institutions are vitally concerned that this element could very easily be lost as the entitlement component that's suggested in the Pell grant area is more fully developed. Entitlements versus those which are optional could create some problems for us. You know this and I am carrying coals to Newcastle in bringing it to you again. Rather than

taking more time in this dialog, I would refer you to the written comments that we have prepared and thankfully, Mr. Chairman has indicated that they would be entered into the record so they are part of that. I would be happy to entertain questions.

You will notice that I didn't address the loan questions because our expert, Paul Borden is here to deal with that area and, with that, Mr. Chairmen, Mr. Gunderson, we appreciate the chance.

Chairman PERKINS. Thank you very much. We will now hear from Paul Borden, the executive secretary of the Kentucky Higher Education Assistance Authority. Go ahead.

[Prepared statement of Paul Borden follows:]

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PREPARED STATEMENT OF PAUL P. BORDEN, EXECUTIVE DIRECTOR, KENTUCKY HIGHER EDUCATION ASSISTANCE AUTHORITY (KENTUCKY'S GUARANTEE AGENCY) AND EXECUTIVE DIRECTOR, KENTUCKY HIGHER EDUCATION STUDENT LOAN CORPORATION (KENTUCKY'S SECONDARY MARKET AND DIRECT LENDING AGENCY)

Mr. Chairman and Members of the Subcommittee:

My name is Paul P. Borden. I am Executive Director of the Kentucky Higher Education Assistance Authority, an agency established by the General Assembly of the Commonwealth of Kentucky in 1966, which is the administrator of the Guaranteed Student Loan Program and of several other statewide student financial aid programs. I am also Executive Director of the Kentucky Higher Education Student Loan Corporation which, again, is an agency of the Commonwealth of Kentucky, established in 1978 to provide capital for the Guaranteed Student Loan Program. The Student Loan Corporation currently provides loans of last resort and a secondary market program for the benefit of 268 originating lenders throughout the Commonwealth. I sincerely appreciate this opportunity to appear before the Subcommittee to comment upon the provisions of HR 5240.

In preparation for this opportunity, I invited the chief executive officers of the two and four-year colleges and universities throughout the Commonwealth to indicate to me their opinions and recommendations regarding this Bill. Additionally, I have participated in formulation of the Statement of the National Council of Higher Education Loan Programs, Inc. which was introduced into the record of this Subcommittee by Dr. Joseph Cronin on March 28, 1984.

I must begin by expressing the high esteem which my my peers throughout the nation and I have for the Chairman

of this Subcommittee and express to him our enthusiasm for continuing to work with him following his election to the Senate. We hope and expect that the Chairman will continue his high level of leadership in all areas of higher education legislation in his new position.

With respect to HR 5240, I must begin by applauding the effort and the obvious expertise utilized in compiling this comprehensive reauthorization document. I believe that this Bill, whether or not enacted during this session, will ultimately serve as the blueprint for reauthorization of the Higher Education Act of 1965. I am concerned that, should this Bill make it to the floor of the House and fail to pass, there appears to be some peril to the automatic extension now in place for the current act. I would encourage that great care be taken to protect that automatic extension so as to permit lengthy and detailed analysis and discussion of the needs, goals and expectations of this nation for its higher education system. In the balance of my testimony I will briefly summarize concerns expressed to me by campus administrators regarding the Pell Grant Program recommendations, the College Work-Study recommendations and the provision for the new Block Grant Program. Following that summary I will deal, in somewhat greater detail, with issues relating to the Guaranteed Student Loan Program.

Pell Grant

There appears to be a strong feeling within Kentucky that there should be a return to the entitlement status for the Pell Grant Program. At the present appropriation levels, the programs are so narrowly focused upon the extremely needy that the capability of moderate level income individuals to have access to existing programs is diminished even within a low cost state such as Kentucky. I take note of the fact that the ranking minority member opposes this position as being cost prohibitive. Although the return to an entitlement status would cause significant increases in budget outlays, I believe that the long term returns resulting from greater productivity by the individuals who would benefit substantially offsets projections of current cost for this kind of modification. I admit to a bias that educational opportunity for all of our citizens is the long term solution to our current economic woes. A new aircraft carrier will consume taxes for the next 20 years while 10,000 college graduates supported by this program will provide enormous tax inflows during the comparable period.

The information I have received from institutions generally supports increases in maximum awards; the legislative establishment of family contribution schedules; a mandated master calendar for delivery; and, legislative definition of the independent student. There is, of course, a wide variance of opinion with respect to the need for

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modification of the half cost provision. I will leave it to representatives of the public and private institutions to debate the relative merits of half cost versus half need versus other alternatives on this issue. I did receive some indication of opposition to the extension of fifth year eligibility to the graduate or professional school level.

My impression is that there is more concern about the need to provide adequate funding at the baccalaureate level prior to extending the program to new classes of students. There were also indications of discontent with the quality of centralized servicing for this program and indications that a move to decentralized administration on the campus could improve the productivity of this program.

College Work-Study

There is strong opposition in Kentucky to modification of the current state allotment formula. The protection provided within HR 5240 is not viewed as adequate. The general attitude seems to be that the formula is serving the program well and should not be changed. The prevailing opinion in Kentucky is that the College Work-Study Program is functioning extremely well and that it does not need any fine tuning at this time. The only thing needed to make it more effective is more dollars.

In a related work-study matter, I want you to know that the Assistance Authority has, over the past two years, developed

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a new program in Kentucky which we call the Commonwealth Work-Study Program. The intent of this program is to expand educational opportunities for Kentucky residents by providing both financial assistance and career related work experiences in a cooperative effort with private sector employers. I have attached a copy of our Manual of Procedures and Guidelines for this state program for your information and would hope that your review of this document would lend to a recognition of this type of cost sharing work-study opportunity within the proposed Bill. Because of the length of the document, I will not request that it be entered into the record of this hearing.

Perkins Scholarship Program

In light of my discussion regarding new assistance programs, I wish, at this time, to express my extreme pleasure with the proposed Carl D. Perkins Scholarship Program. I believe a legitimate need exists in Kentucky for a program which encourages our outstanding high school graduates to enter the teaching profession.

In further support of our merit scholars, we hope to make a new scholarship program available in Kentucky in the not too distant future. I have enclosed guidelines for such a program; however, it will not be initiated during the 1984-85 year as indicated. This program is intended to address the fact that large numbers of our most academically talented high school graduates are currently selecting out-of-state institutions.

Again, it is not my intent that information regarding Kentucky's new program be entered into the record.

Campus Based Block Grant

There was generally strong support for the Block Grant Proposal throughout the Commonwealth. However, this support was, in all cases, contingent upon provision of strong statutory assurance that such an effort will not result in reductions in available funds and, further, that there be no diminution of the flexibility which would be provided under HR 5240. Based upon the comments I received, it does appear that the institutions would, based upon their individual needs, benefit from the flexibility to determine relative distributions to grant, loans and work-study efforts as provided in the proposed act. I, personally, believe that the National Direct Student Loan Program has been and continues to be a necessary component of the student aid matrix. Campus administrators have to have a significant loan resource under their direction in order to effectivley meet the needs of students who would otherwise fall through the cracks in the federal and state administered programs.

Guaranteed Student Loans

The Guaranteed Student Loan Program is a fundamentally sound and efficient method of providing massive financial resources to the citizen students of this country. The two most needed enhancements of this program are: (1) Provide

sufficient funding to the Pell Grant and campus-based programs to permit low and moderate income people to receive reasonable amounts of grant assistance, at least during the initial two years of their educational program. Sufficient levels of funding of this type will protect the Guaranteed Student Loan Program from enormous debilitating default rates which, if permitted to occur, can so undermine national confidence in this program as to cause it to fail. (2) The Guaranteed Student Loan Program is dependent upon a national system of originating lenders composed principally of commercial banks, credit unions and savings and loan associations. The program must be simplified and stabilized in order to keep these originating lenders participating at required levels in the program.

In significant ways HR 5240 addresses both of the above critical issues. There are, however, some needed changes which are not provided for and some changes which I must oppose.

Special Allowance Payments. With respect to special allowance payments, I am opposed to the provision which reduces the yield floor on tax-exempt financed portfolios from 9½ to 9 percent. We have carefully assessed our own Student Loan Corporation program and believe that we would have grave difficulty in continuing to finance the program given this reduced floor.

Lender of Last Resort. I strongly support the provisions

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of HR 5240 requiring a lender of last resort. I would, however, urge that specific language be included to stipulate that such loans be made to all technically eligible individuals who have tried but failed to secure credit from regular private sources and that loans made under such a program may, at the option of the guarantor, be eliminated from inclusion within the calculations pursuant to the reinsurance formula. By this I am essentially requesting that you protect state guarantee agencies, such as Kentucky's, from any exposure to less than 100 percent reinsurance on such last resort loans. While I recognize that such exposure is minimal, even under current law, I can assure you that members of the general public and the General Assembly continue to have high levels of concern about default rates and that a last resort program will have sufficiently high rates to be damaging to the overall public acceptance of the program in our state.

Loan Limits. I support the position of the National Council of Higher Education Loan Programs on this matter principally as a result of my participation in the formulation of that request. The limits provided for in HR 5240 are, in my opinion, sufficient for Kentucky's purposes, particularly if needed increases in grant program funding can be secured.

Supplemental Student Loan Program. The National Council recommendations regarding the establishment of a nonsubsidized

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supplemental student loan program would be a substantial improvement over the current ALAS program. I understand that Dr. Cronin will be providing additional information regarding this, and I encourage the Subcommittee to carefully consider the need for this type of program.

Credit Eligibility Index. The development of this concept was one of the most difficult and time consuming negotiations involved in final agreement amongst the members of the National Council and represents, in my opinion, a positive contribution which should be incorporated into HR 5240. Again, I understand Dr. Cronin will be providing additional information in support of this.

Other Administrative Matters. I simply wish to note, for the record, my support of a repeal of the origination fee which is an unfair and exorbitant deduction from the proceeds of the guaranteed student loan at a time when it can least be afforded by the borrower; my support for extension of repayment periods with adjustments to student interest rates during the latter stages of such repayments in order to minimize the additional cost to be absorbed by the Federal Government; my support for increasing the minimum monthly payment to $75 (or $900 per annum) as in HR 5240; my support for conversion of the insurance premium to a flat rate 3 percent of the original loan amount; my support for retention of the current reinsurance formula except as it is applicable to last resort loans; and, finally, my support for a provision

to permit increased interest rates on defaulted student loans in order to shift the burden for carrying such defaulted amounts to the borrower and to establish from the time the loan is made that a default will be a costly proposition for the borrower.

In conclusion, there are four points which, I believe, deserve further consideration for inclusion within HR 5240.

1. As this Committee knows, the Kentucky Higher Education Student Loan Corporation has recently adopted controversial regulations designed to control default rates within the Commonwealth. These regulations, which are principally directed toward originating lenders, do take into consideration the default experience on loans by individual lenders to students in particular institutions and, also, the default experience for student borrowers as a group enrolled at a particular institution. The regulations include substantial protection for lenders, educational institutions and other interested parties in provision of due process hearings prior to any final action under the regulations. These regulations have worked well for us and have contributed to substantial reductions in both delinquency rates and default rates during the last 12 months. I have attached a one-page delinquency and default report for the last 13 months in order to permit you to examine the improvements. It is, in my opinion, extremely important to the long term

credibility of the Guaranteed Student Loan Program, as administered in the various states, for the Congress to either document its absence of concern for default rates within the legislative language or to continue to permit individual states, such as Kentucky, to adopt regulations which will control rates within margins which are acceptable to its state legislative system and its general population. I will be happy to appear before this Subcommittee or any other committee of the Congress, at any future date, to provide a detailed report on the default regulations in Kentucky, how they have worked and what the result has been.

2. Restriction of Tax Exempt Financings. Either the provisions of HR 5240 or the Committee Report language (preferably the former) must severely curtail the efforts of the Secretary of Education to eliminate the capability of states such as Kentucky to utilize tax-exempt funds to finance student loan access. While we are perfectly willing to examine taxable alternatives and, in fact, are aggressively doing so at this point in time, we cannot, under the regulations proposed by the Secretary on February 10, continue to fully support access in Kentucky. One of the alternatives which we must consider, if those proposed regulations are finalized, is to sell the Corporation's current portfolio and become entirely dependent upon the Student Loan Marketing Association or another such entity to provide secondary market services to Kentucky's 268 participating lenders. We do not believe,

at the present time, that Sallie Mae or any other such entity can provide an acceptable level of service to our lending group and support the profit margins to which they have become accustomed.

3. Centralization of Funding in Sallie Mae. The current efforts by the Secretary to force state agencies into dependence upon Sallie Mae will, in my opinion, lead to monopolistic practices to the detriment of access to student loan capital. One need only review the most recent Sallie Mae report to shareholders, the remuneration patterns for their high officials and the incentive bonus provisions adopted by their board to conclude that they do not have the same high commitment to programs and lenders, such as Kentucky's, as they do to their bottom line. I fear that as more and more state designated secondary markets become dependent upon Sallie Mae that their purchasing practices and pricing practices will be dictated by their profit goals rather than by the public purpose of providing access to student loans. I do not, in any way, mean to be critical of the management of Sallie Mae. Indeed, it is an enormously successful private corporation. The BusinessWeek ScoreBoard Special of March 21, 1984, in its report on nonbank financial institutions, clearly shows that Sallie Mae is outdistancing other privately held firms in the same category. Of course, the other firms do not have the benefit of five billion dollars in preferential borrowing at T-Bill plus 1/8 to provide underpinning to its

balance sheet. I would suggest to the Committee that Sallie Mae is well capable of surviving and prospering absent continued preferential treatment under the statutes and that any further legislated benefits could well operate to the long term recentralization of the Guaranteed Student Loan Program to Washington, D. C.

4. Protect State Guarantee Agencies from National Guarantors. Kentucky's guarantee agency, like many others throughout the nation, is restricted to operations within its geographical boundaries. To the extent that the Higher Education Assistance Foundation and other such entities which purport to have a license to insure loans throughout the country successfully service the major educational institutions and the graduate and professional school population, guarantee agencies, such as ours, may otherwise be unable to economically provide access to small institutions, low volume lenders and generally low tuition institutions. Quite frankly, if the national guarantors in conjunction with Sallie Mae could provide long term assurance that every student in Kentucky would have access to a loan when and where needed, in the long term there would seem to be little justification for continuing either the Kentucky guarantee agency or the Kentucky Student Loan Corporation as a financing entity. We haven't seen those assurances. We do not think they can provide the same level of services, the same level of access and the same prudent administration of the program which

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protects public confidence and keeps default rates low. Until we can receive such assurances, we will continue to battle for our existence and hope that this Subcommittee will assist us in this effort.

Mr. Chairman, I appreciate this opportunity and will be happy to answer any questions that you or other members of the Subcommittee may have.

Respectfully submitted,

Paul P. Borden
Executive Director
Kentucky Higher Education
Assistance Authority and
Kentucky Higher Education
Student Loan Corporation

April 10, 1984

KHESLC

DELINQUENCY REPORT

For the Period 02/28/83 to 02/29/84

Month	Repayment		Delinquency										Delinquency Formula	
			1 Month		2 Months		3 Months		4 Months		5 Months			
	Accts	Dollars	Accts	Dollars	Accts	Dollars	Accts	Dollars	Accts	Dollars	Accts	Dollars	#1	#2
02/83	18,407	54,357,889.92	1,953	4,599,310.72	808	1,960,630.42	365	1,321,504.34	306	735,264.97	308	669,192.71	17	9
03/83	21,947	63,048,209.85	2,957	8,770,366.02	935	2,264,474.09	428	1,008,381.01	363	848,601.22	468	1,072,493.22	22	8
04/83	21,830	62,303,698.95	2,780	7,649,291.70	1,068	3,347,217.87	318	841,065.71	167	393,101.94	507	1,127,207.10	21	9
05/83	21,885	62,453,473.76	2,124	5,483,692.37	1,535	4,166,056.32	620	1,995,754.67	222	551,939.44	466	1,026,674.20	21	12
06/83	22,652	64,469,401.92	1,870	4,906,872.92	713	1,790,857.41	624	1,551,259.59	288	835,817.83	360	761,728.91	15	7
07/83	22,720	64,533,873.00	1,795	4,856,819.00	595	1,513,365.00	320	767,306.00	374	903,937.00	307	627,557.08	12.6	5.1
08/83	22,831	65,044,282.00	1,786	4,663,284.00	637	1,726,567.00	322	760,636.00	184	419,233.00	30	63,823.00	11.7	4.5
09/83	24,060	69,076,730.00	1,843	4,858,561.00	716	1,892,438.00	319	802,368.00	185	434,225.00	39	80,522.00	11.6	4.6
10/83	24,586	70,418,435.80	1,662	4,447,903.92	627	1,580,433.22	368	923,836.84	153	399,047.56	27	57,288.59	10.5	4.2
11/83	26,992	77,065,739.72	2,145	5,903,405.00	631	1,593,807.32	336	762,601.35	210	497,652.15	30	77,906.53	11.4	3.8
12/83	29,782	85,094,020.67	2,749	7,271,252.95	1,021	2,720,366.43	372	923,160.56	220	496,258.03	94	173,258.72	13.6	5.0
01/84	29,696	84,410,063.00	3,284	8,792,912.64	1,143	2,896,714.24	564	1,453,674.27	222	550,481.55	106	216,395.66	16.4	6.0
02/84	32,281	99,865,995.00	2,752	7,345,163.99	1,599	4,196,854.11	673	1,668,487.70	380	974,110.82	217	510,059.31	14.7	7.3

Delinquency Rate Formulas

Formula #1: Outstanding Delinquent Loans divided by Outstanding Loans in Repayment

Formula #2: Outstanding Loans More than 30 Days Delinquent divided by Outstanding Loans in Repayment

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COMMONWEALTH WORK STUDY PROGRAM

MANUAL OF PROCEDURES AND GUIDELINES

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I. STATUTES

A. KRS 164.740 Definitions

(19) "Work study" means an award of money disbursed by the board at specified intervals to students, or as reimbursement to employers of students, who provide needed services for a specified number of hours in a capacity approved by the board.

B. KRS 164.744 Purpose of authority

(2) Provide from funds available to it loans, grants, scholarships, and work-study awards to eligible students who are residents of Kentucky to enable such persons to pursue an eligible program of study at a participating institution located in the Commonwealth, and, if required by the federal act, to such persons attending such nonprofit institutions as may be approved by the board.

C. KRS 164.753 Rules and regulations governing loans, loan guarantees, scholarships, grants and work study programs

(6) In the instance of work-study payments, rules and regulations adopted by the board shall include, but not be limited to, those which require that:

(a) The employment opportunity available for the student will not interfere with the student's ~~normal~~ progress toward a degree, diploma or certificate;

(b) Contracts to promote increased employment opportunities for eligible students will not result in the displacement of employed workers or impair existing contracts for services; and

(c) The work-study payment will not exceed the financial need of the student or the maximum payment as established by the board, whichever is less.

II. MISSION STATEMENT

It is the intent of Kentucky Higher Education Assistance Authority, through the Commonwealth Work Study Program, to expand the educational opportunities and experiences for Kentucky residents by providing both financial assistance and career related work experiences to eligible postsecondary students and to provide an avenue for private sector employers to assist students toward their educational goals.

III. GENERAL GUIDELINES

Commonwealth Work Study Program (CWSP) is a financial assistance program developed to provide aid to eligible Kentucky students by offering employment opportunities in career related positions at the prevailing rate of pay. A minimum of 70 percent of wage reimbursement dollars must be utilized with private, for-profit employers.

CWSP is funded by the Kentucky Higher Education Assistance Authority and administered by approved Kentucky postsecondary educational institutions. Funding to institutions for program administration and wage reimbursements will be performance based.

Employment is provided by Kentucky employers who receive incentive wage reimbursement at the rate of $1.50 per hour per CWSP student employed. CWSP student employment must not result in the displacement of employed workers.

Institutions are encouraged to offer academic credit for career related work experiences to students participating in CWSP. Credit is not, however, a requirement of this program.

IV. DEFINITIONS

(1) Administrative Cost Allowance--A payment negotiated between KHEAA and participating schools for administration of CWSP not to exceed 8 percent of the gross wages earned or $15,000 annually, whichever is less. KHEAA expects the percentage of dollars required for administration to reduce with program maturity.

(2) Alternate CWSP Work Plan--A work study arrangement whereby a student alternates a school term with a work term, i.e. student attends school full time one term, works full time the next term, and returns to school full time the following term. Those students working during summer terms who are not enrolled at least half time during this term are considered alternate for the summer.

(3) Career-related Work Experience--Those jobs which have a correlation with the student's career direction as determined by school officials and evidenced by the student's major course of study.

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(4) Cost of Education--Those expenses commonly related to obtaining an education at the institution of attendance plus those costs directly related to the student's CWSP work experience including any required dues and travel at 18¢ per mile.

(5) Dependent Student--A student who does not meet the eligiblity criteria for a self supporting student. (Attached as Appendix B.)

(6) Family Income--The total earnings as reported on the KFAF or the GSL Needs Test Form after dependency status has been determined.

(7) Financial Aid--Wage reimbursement dollars ($1.50 per hour) provided by KHEAA to employers on behalf of each participating student.

(8) Financial Need--The cost of education less educational aid received from all other sources, i.e. grants, loans, scholarships, as determined by school officials.

(9) Full-Time Attendance--The number of resident hours required by the institution to constitute full-time status. This is generally considered 12 semester hours, 24 clock hours, or 6 summer school hours.

(10) Funding Formula--The formula used to determine the amount of funding to be granted to institutions having approved proposals. Use of program dollars will be monitored quarterly by KHEAA and may be adjusted within the year as needed to reflect performance.

(a) First Year Funding--The percentage of the school's full-time, Kentucky resident, undergraduate students in relationship to the total number of full-time, Kentucky resident, undergraduates enrolled at the approved schools as of December 1 multiplied by program dollars available.

(b) Subsequent Year's Funding--The first year formula with adjustments based on the utilization of funds the previous year(s).

(11) Half-Time Attendance--Exactly half of the time required by the institution to constitute full-time attendance. This is generally considered to be a minimum of six (6) semester hours or twelve (12) clock hours. Three hours in summer school constitute half-time attendance.

(12) Job Bank--A list maintained by KHEAA of eligible employers who have negotiated contracts of employment through participating institutions. Employer's may or may not have a current vacancy.

(13) Kentucky Resident--Policy adopted by the Council on Higher Education for determination of residency status for tuition purposes. (Attached as Appendix A.)

(14) Parallel CWSP Work Plan--A work study arrangement whereby a student works part time while attending school. Students must be enrolled at least half time. They may work a maximum of 20 hours per week with a full-time load or 30 hours with a half-time load.

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(15) Prevailing Wage Rate--The level of compensation paid to entry level, permanent employees who are or would be performing equal job tasks as the student employee. Under no circumstances may a student receive less than federal minimum wage.

(16) Private, For-profit Employer--Any sole proprietorship, partnership, corporation, or other form of business entity organized and operating for legal profit-making purposes.

(17) Self Supporting Student--A student who has established an independent relationship in compliance with criteria contained in financial aid guidelines used under the GSL and state grant programs. (Attached as Appendix B.)

(18) Wage Reimbursement--Payment made to employers, having a contract to provide work experiences for students under the guidelines of CWSP, at the rate of $1.50 per hour per participating student. "Proof of wages paid" must be submitted to the participating institution for payment to be processed.

V. ELIGIBILITY CRITERIA

A. Institution:

Any Kentucky postsecondary institution that is accredited by either AICS, SACS, NATTS, or any other approved accrediting source and who has an Administrative Agreement in force with Kentucky Higher Education Assistance Authority may submit a proposal for program funding. Only those institutions that have been approved to receive an allocation of funds for use in administering the Commonwealth Work Study Program and have completed a contract/agreement with KHEAA may participate.

B. Employer:

Any employer who can provide a bonafide career-related, work experience for eligible students as determined by the participating educational institution and who has completed an Employment Agreement may participate with the following exceptions:

(1) Employers cannot "employ" themselves. Students who form or participate in the formation of any business entity may not receive wage reimbursements for themselves.

(2) Postsecondary institutions cannot employ students.

(3) Out of state employers can be utilized only if the student's work site is in Kentucky.

(4) No more than 30 percent of the dollars allocated to any school may be paid to public and private non-profit employers for wage reimbursement.

C. Student must:

(1) Be a citizen of the United States.

(2) Be a Kentucky resident.

(3) Be accepted for enrollment or be enrolled in a participating Kentucky institution.

(4) Have an annual family income under $50,000.

(5) Have successfully completed a full-time load the previous term, currently be enrolled at least half time, or be an entering Freshman.

(6) Be in good standing as certified by the institution.

(7) Be progressing satisfactorily toward completion of their educational program as determined by the school.

(8) Have a "C" average cumulative--as determined by all postsecondary courses or, in the case of entering freshmen, the high school GPA.

(9) Have financial need as determined by program guidelines and the institution.

(10) Not be in default on a state guaranteed loan nor owe a refund on a state grant.

(11) Not be participating in other college administered work programs.

Priority will be given to undergraduates.

VI. PRODECURES FOR FUNDING ALLOCATIONS

Eligible Kentucky institutions may apply for funding after January 1 using a "CWS Request for Funding" form. Forms must be received by KHEAA no later than February 1. Determination for funding will be made by KHEAA

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no later than May 1. Funding dollars will be transferred to participating institutions after July 1. Program funding will be performance based. Performance will be reviewed and lack of performance will result in institutions being required to return funds. Approval for funding and funding levels will be determined by KHEAA staff using the following criteria:

(1) Ability of institutions to administer the program cost-effectively with the greatest results for students as evidenced by information provided on the administration procedures portion (Item 6) of the "Request for Funding" and previous years' program records.

(2) Ability of institution to utilize the wage-reimbursement dollars allocated to them as evidenced by previous years' program records.

(3) Ability of institution to avoid using CWSP dollars to supplant existing work-related programs for students, i.e. co-op ed, experiential ed.

(4) Ability of institutions to adequately monitor program activities, i.e. proper eligibility determination of students and employers, continued eligibility of students and employers, actual job activities as they relate to students' career direction.

Allocations of wage reimbursement dollars will be made to institutions as follows:

(1) Available dollars for CWSP will be proportioned among approved institutions using a ratio factor determined by the percentage of full-time, Kentucky resident, undergraduate students attending this institution as it relates to the total full-time, Kentucky resident, undergraduate pool attending all approved institutions. Institutions will report their full-time, Kentucky resident, undergraduate enrollment as those students actually enrolled on December 1 preceding the date of the "Request for Funding."

(2) After the first year of implementation, allocations to institutions may be adjusted to reflect the utilization of previous years' allocments.

Administrative Cost Allowances will be granted to institutions as follows:

(1) Cost allowances will be granted based on the percentage requested, and its justification, not to exceed 8 percent of gross student wages earned or $15,000 annually whichever is less.

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(2) KHEAA staff anticipates a reduction in the percentage of administrative cost dollars institutions will need and request as the program matures.

After contracts/agreements are completed between KHEAA and participating institutions reflecting the approved allocations, institutions will receive the total wage reimbursement allotments for the fiscal year. Wage reimbursement dollars will be adjusted semiannually (June 1) (December 1) based on the utilization of allocations as reported quarterly to KHEAA. Supplemental funding requests will be required by KHEAA for consideration of additional dollars subject to their availability.

Institutions will receive administrative cost dollars, if needed, to administer the program for one year as negotiated and contracted between KHEAA and the institution. After six months of program operation, administrative costs will be reviewed and adjusted quarterly as required to meet the terms of the contract/agreement.

If after each semi annual review of program implementation, determination is made by the KHEAA staff to recall program funds because of the institution performance level, those funds must be refunded to KHEAA by the institution within 30 days of the date of notice.

VII. INSTITUTIONAL ADMINISTRATIVE RESPONSIBILITIES

A. Job Bank Development

Participating institutions have responsibility for identifying work opportunities for students in their general localities:

(1) The eligibility of an employer must be determined by the institution using the criteria provided.

(2) An Employer Agreement must be completed between the institution and the employer. No wage reimbursement can be paid to any employer for students employed for any period of time not covered by the terms of the Employer Agreement. Agreements should be negotiated on a fiscal year basis if possible and must fall within the state fiscal year (July 1-June 30).

(3) A Position Analysis must be provided by the employer for each available position prior to a student's placement under CWSP.

(4) Employer/job information must be submitted to KHEAA monthly so a current job bank listing can be maintained.

(5) Students should be encouraged to make employer referrals to institutions. Those who develop their own jobs may participate in CWSP as long as the position and all parties involved meet the established criteria.

(6) Institutions in a common area are encouraged to cooperate to best develop area jobs for students. Sharing information regarding available position openings will reduce numbers of calls on employers as well as reduce the area to be covered by each institution.

(7) Institutions must advise students of their responsibilities under CWSP.

(8) An appeals committee must be established at each institution and an appeal process clearly defined.

Multiple Employer Agreements

KHEAA will maintain an informational job bank indicating participating employers and possible position openings. Instances are, therefore, likely to occur whereby students from more than one institution may be employed by one employer. The following guidelines are provided to accommodate this occurrence.

(1) Employers will receive reimbursement from the institution at which the participating student is in attendance.

(2) An Employer Agreement between the employer and the appropriate institution must be in force before a student can begin work and have subsequent wage reimbursements made.

(3) An employer is not limited in the number of institutions with whom contracts may be completed.

(4) If presented with potential student employees from more than one institution, the employer will decide which student(s) to employ.

B. Student Eligibility Determination and Placement

Students' initial and continuing eligibility will be determined by participating institutions using the criteria provided.

It is the responsibility of the institution to advertise CWSP to the student body. Interested students must complete a CWSP Student Application and a KFAF or GSL Needs Test Form showing family income. The institution is responsible to determine the student's eligibility and validate the necessary cost information.

Once student eligibility has been determined, it is the role of the school to determine which students are eligible for which jobs based on the career-relatedness factor. Care must be taken to ensure equal opportunities for students. Eligible students will then be referred to employers having position openings who will make the final decision regarding employment. The level and degree of prescreening will lie with the institution but must be equally available to all participants. Institutions must fully advise students of their responsibilities under the CWS Program.

Students may opt to combine CWS with other forms of aid or use it as the sole source of aid. If the amount of financial need is low, however, short term placement is not generally recommended.

C. Eligibility Monitoring

Responsibility to ensure that students continue to be eligible for program participation is the responsibility of the institution. The following issues must be monitored:

(1) The student must continue to meet all eligibility criteria as determined by the institution.

(2) The student must continue to have financial need throughout CWSP participation. Financial aid under CWSP cannot exceed the CWSP cost of education less other aid.

(3) The student must continue to be employed in a career related job at the prevailing wage rate. Employers are responsible to immediately notify the institution of any change to the position by an updated Job Analysis.

(4) Students determined to be ineligible must be immediately dismissed from CWSP. The institution must notify the student and the employer in writing of the cause. Institutions are required to notify employers by certified mail of students' ineligibility within 15 calendar days of the date ineligibility occurs. No further wage reimbursement can be made to an employer on behalf of a student after the 15th calendar day following the employer's notification from the institution of the student's ineligibility. The date of notification receipt is considered as day 1.

(5) Students who are employed on a parallel CWS program must be enrolled at least half time. They may work a maximum of 30 hours per week if they are enrolled half time or a maximum of 20 hours per week if enrolled full time.

(6) Students who are employed on an alternate CWS program will be required to sign an Alternate Student Employment Agreement which stipulates that they must return to school full time the next regular school term.

(7) Employment on an Alternate Plan does not constitute "in school" status for those academic terms when the student is not enrolled at least half time.

D. Program Reporting and Record Maintenance

Program activities must be reported to KHEAA on a regular basis. The Program Time Table is included as Appendix C. The forms required for program administration and their uses are indicated below:

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(1) CWSP Request for Funding Form: A funding proposal to be submitted to KHEAA annually for KHEAA's use in eligibility and funding determination.

(2) CWSP Administration Agreement: A contract negotiated annually between KHEAA and a participating institution which denotes terms of program administration.

(3) CWSP Employer Agreement: A contract between a participating institution and an employer which provides terms for student work experience and employer wage reimbursement. Must be accompanied by a Position Analysis for each available position as they occur. Contract dates must fall within the state fiscal year, i.e. July 1 - June 30.

(4) CWSP Student Application: A form to be completed by the student and the school annually for use in determining student eligibility and level of assistance eligibility.

(5) CWSP Position Analysis: A description of a vacant position, which may be filled by a CWS student, including job title, description, pay, hours, minimum requirements. Employer is to file this form with those institutions having contracts with this employer and to update this information immediately if it changes.

(6) Alternate Student Employment Agreement: An agreement to be completed between the student and the participating institution indicating the attendance requirement [redacted] under this work plan.

(7) CWSP Monthly Activity Report: A report to be completed, certified, and filed monthly with KHEAA by the institution showing new employer, position, and placement information. Information will be used to update CWSP job bank.

(8) CWSP Quarterly Report: A report to be completed, certified, and filed quarterly, by the 10th day of January, April, July, and October, with KHEAA by the institution showing all program activities and expenditures. Information will be used to monitor institutions' performance and build a program profile.

(9) CWSP Annual Report: A report to be completed, certified, and filed annually with KHEAA by the institution showing relevant totals including dollars originally allocated, deallocated, or supplemented; dollars remaining; total employer contracts and positions; total students served, their wages and hours worked.

(10) CWSP Supplemental Funding Request Form: A request to be submitted to KHEAA by institutions that wish to obtain additional funding upon its availability.

(11) Proof of Student Wages Paid: An official record submitted regularly by the employer to the participating institutions which certifies wages paid to CWSP students. Wage reimbursement to employers can be made only after the student has been paid and the institution has received proof of such payment. No standardized "proof of wages paid" form is provided by KHEAA. Institutions may provide their own form to employers or accept whatever proof they determine to be adequate. The following information is required:

Student Name	Wages Withheld
Social Security Number	Net Wages
Pay Period	Signature of Student
Hours Worked	Signature of Employer
Gross Wages	

(12) Proof of Wages Reimbursed: An official record prepared, certified, and retained by the institution showing all wage reimbursements made including the following information:

Reimbursement date	Work Period(s) Covered
Employer	Number of Hours Worked per Student
Student(s)	Payment Amount

All program forms and documents must be retained by the institution as official program records for a period of five (5) years. KHEAA will periodically conduct on-site program reviews of participating institutions.

VIII. EMPLOYER RESPONSIBILITIES

Participating employers are responsible to provide bonafide work experience for students and pay the prevailing wage rate. They will in turn receive wage reimbursements for a portion of the students' wages. Employers will be directly responsible for the following administrative activities:

(1) A standard Employer Agreement must be completed between the employer and any participating school at which CWSP students are or will be in attendance.

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(2) A true and accurate Position Analysis must be provided to the contracting institution for any vacant positions to be filled by CWSP students.

(3) The employment decision for a vacancy is made by the employer. This may be based on interviews, a review of the students' records, or a school recommendation. Interviews are strongly suggested. Retention of student employees is also the choice of the employer. If a student is dismissed by the employer, the institution must be immediately notified in writing of the reason and effective date of dismissal.

(4) Any significant changes to the Position Analysis or the student's work assignment must be promptly reported to the institution so records can be updated and the student's continuing eligibility determined.

(5) A certified, accurate proof of wages paid must be regularly submitted to the appropriate institution so the reimbursement of wages can be processed and paid. Wage reimbursements can only occur after the student has received wages for a work period covered under the terms of the Employer Agreement.

(6) On-site visitation by KHEAA staff or appropriate institution officials at reasonable times as a part of the program monitoring process must be permitted by employers.

(7) Employers must comply with all federal and state civil rights laws.

(8) Employers must not displace workers through the utilization of CWSP student employees.

IX. STUDENT RESPONSIBILITIES

A student who is interested in participating in the CWS Program is responsible to actively pursue program involvement and provide accurate information as needed for use in eligibility determination.

A CWSP Student Application form and a KFAF or Guaranteed Student Loan Needs Test Form must be completed and certified by each student and submitted to school officials for review and validation.

Students are responsible to actively seek a full understanding of the program guidelines, benefits, and requirements.

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Students who meet basic program requirements may be required by the institution to participate in screening or pre-placement activities.

Students may be required to interview with bonafide prospective employers.

Students must complete any required supplemental agreements, i.e. Alternate Student Employment Agreement.

Students who are placed in CWSP job positions are responsible to the employer for the fulfillment of employment obligations.

Students must continually meet all eligiblity criteria and must notify the institution of any changes which could affect their continued eligibility.

Students are responsible to report to the institution any program irregularities they encounter.

X. KHEAA RESPONSIBILITIES

Centralized CWS Program administration is the responsibility of the KHEAA staff. KHEAA will--

Provide funding for CWSP to the extent approved by the Board.

Review CWSP Requests for Funding and make approval and allocation determinations.

Contract/agree with approved Kentucky institutions for program administration and allot dollars to these institutions for program implementation.

Provide advertising regarding CWSP to the general public.

Maintain current job bank listing for use by all participating institutions.

Monitor program activities quarterly to determine institutional performance and adjust allocations appropriately.

Review and evaluate all phases of program operation periodically and provide feedback to participants and the general public.

ERIC

XI. APPEALS AND COMPLAINTS

Appeals or complaints regarding student or employer eligibility and/or participation are to be directed to the administering institution and are to be reviewed and settled by an appeals committee consisting of no less than three people.

Appeals or complaints regarding institutional eligibility, funding, or program irregularities will be directed to KHEAA and reviewed and settled by KHEAA staff members: Appeal of a KHEAA staff decision may be made to the KHEAA Board.

All appeals must be submitted in writing and retained as part of the program records. A summary of the subsequent action taken must also be placed in writing and included as a part of the appeal record.

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APPENDIX A

POLICY ON CLASSIFICATION OF STUDENTS

FOR FEE ASSESSMENT PURPOSES

AT STATE-SUPPORTED INSTITUTIONS

OF HIGHER EDUCATION

A committee composed of the deans of admission at the state-supported senior institutions of higher education will be established by the Council on Higher Education as a state board of review for interpretative recommendations to the respective institutions on problems relating to nonresidency (out-of-state) classification of students at the institutions with the understanding that institutional representatives will not vote in the review of cases or problems referred to the Committee from their respective institutions.

Adopted April 9, 1975

ERIC Full Text Provided by ERIC

SECTION 1.

INTENT. Under current law the Council on Higher Education as a matter of policy establishes a higher fee or tuition for non-resident students attending public institutions than that charged Kentuckians. It is the intent of the Council on Higher Education that the state institutions of higher education in the Commonwealth of Kentucky shall apply uniform interpretations, as described in this policy and not otherwise, in determining whether students shall be classified as residents or non-residents for fee assessment purposes.

SECTION 2.

DEFINITIONS. Wherever used in this policy:

(1) The word "institution" shall mean a college, university, or community college supported by appropriations made by the General Assembly of Kentucky.

(2) The word "residence" or "reside" shall denote continuous presence within this State, provided that temporary absence for short periods of time shall not affect the establishment of a residence.

(3) The word "domicile" shall denote a person's true, fixed, and permanent home and place of habitation. It is the place where he intends to remain, and to which he expects to return when he leaves without intending to establish a new domicile elsewhere. Residence and domicile convey the same notion of permanence and principal home and are used interchangeably.

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(4) The term "emancipated person" shall mean a person who has attained the age of 18 years, and whose parents: (A) have entirely surrendered the right to the care, custody, and earnings of such person; (B) who no longer are under any legal obligation to support or maintain such person; (C) who no longer, in fact, voluntarily contribute substantial financial assistance; and (D) whose parents' income is not taken into account by any private or governmental agency furnishing financial educational assistance to such person, including scholarships, loans, and other assistance. If ALL of the aforesaid dependency tests are not met, said person shall be deemed an "unemancipated person."

(5) The word "parent" shall mean a person's father or mother, or the parent having custody, or if there is a legal guardian or legal custodian of an unemancipated person, then such guardian or legal custodian; provided that such guardianship or custodianship was not created primarily for the purpose of conferring the status of resident on such unemancipated person.

(6) Attendance at a college or colleges in this State shall be deemed "continuous" if the person claiming continuous attendance has been enrolled at a college(s) in this state as a full-time student, as such term is defined by the governing body of said college(s), for two consecutive regular semesters since the beginning of the period for which continuous attendance is claimed. Such person need not attend summer sessions or other such intersession in order to render his attendance "continuous."

(7) The word "his" shall apply to the female as well as to the male sex.

SECTION 3.

GUIDELINES FOR DETERMINATION OF STATUS.

(1) The domicile of an unemancipated person is that of his parent.

(2) Upon moving to this State, an emancipated person who provides persuasive evidence of domicile may apply for resident classification for his unemancipated children; and provided that said person is not himself in this State primarily as a full-time student, his unemancipated children may at once be so classified.

(3) Any person who remains in this State when his parent(s), having theretofore been domiciled in this State, removes from this State, shall be entitled to classification as a resident while in continuous attendance at the degree level in which he is currently enrolled.

(4) An unemancipated person whose parent is a member of the Armed Forces and stationed in this State pursuant to military orders shall be classified as a resident. The student, while in continuous attendance at the degree level in which he is currently enrolled, shall not lose his resident status when his parent is thereafter transferred on military orders.

(5) An emancipated person who moves to the Commonwealth within six months from the date of discharge from the military service with the stated intent of becoming a resident of the Commonwealth shall be permitted to count such time spent in the military service toward meeting the presumptions outlined in Section 4, provided the individual entered military service from

the State of Kentucky or his home of record and permanent address at the time of discharge was Kentucky.

SECTION 4.

PRESUMPTIONS. Unless the contrary appears from clear and convincing evidence, it shall be presumed that:

(1) Except as provided in Section 4 (2), every person remaining in this State in a non-student status for the twelve months immediately preceding the last date for enrollment in the institution shall be presumed to be a resident student for fee assessment purposes. No person having his domicile elsewhere than in this State shall be classified as a resident for fee assessment purposes.

(2) No emancipated person shall be deemed to have gained residence while attending any educational institution (public or private) in this State as a full-time student, as such status is defined by the governing board of such institution, in the absence of a clear demonstration that he has established domicile in the State. However, attending college in a part-time status will not prevent such person who has bona fide full-time employment in the State from establishing domicile.

(3) The domicile of a married person shall be determined by the provisions of these regulations independent of the residency of the spouse.

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(4) A person does not gain or lose resident status for reason of his presence in any state or country while a member of the Armed Forces of the United States. However, a member of the Armed Forces of the United States stationed in Kentucky on military orders, except members of the Armed Forces specifically assigned for educational purposes to state-supported institutions of higher education is presumed to be domiciled in the State and shall be entitled to classification as a resident while on active duty in this State pursuant to such orders. Resident status is similarly granted to his unemancipated children.

(5) In the event an unemancipated person's parents should have separate domiciles, his domicile shall be that of the parent having legal custody. In the event neither parent has legal custody, his domicile shall be that of the parent furnishing him the greater financial assistance.

(6) Use of records. A student whose admissions records show him to be a graduate of an out-of-state high school and his residence to be outside of Kentucky will normally be classified as a non-resident.

(7) Aliens. Aliens lawfully admitted to the United State for permanent residence under a permanent visa may establish Kentucky residence in the same manner as any other non-resident. An alien who possesses a student visa cannot be classified as a resident.

SECTION 5.

TYPES OF EVIDENCE TO BE CONSIDERED FOR ESTABLISHMENT OF DOMICILE. If a person asserts that he has established domicile in Kentucky

for a period of twelve months immediately preceding the last date for enrollment in an institution, he has the burden of proving he has done so. The following statements pertain to the kinds of evidence that will be considered in reviewing an assertion by a person that he is domiciled in Kentucky.

(1) The following facts, although not conclusive, have probative value in support of a claim for resident classification: acceptance of an offer of permanent employment in this State; former residence in the State and the maintenance of significant connections therein while absent; or abandonment of a former domicile and establishing domicile in the State with attendance at an institution following and only an incident to such domicile.

(2) The following facts are not necessarily sufficient evidence of domicile: employment by an institution as a fellow, scholar, assistant, or in any position normally filled by students; a statement of intention to acquire a domicile in this State; voting or registration for voting; the lease of living quarters; payment of local and state taxes; Kentucky automobile registration; Kentucky operators license; continued presence in Kentucky during vacation periods; marriage to a Kentucky resident; or the owning of any real property.

SECTION 6.

RESIDENCY CLASSIFICATION AND APPEAL PROCEDURES. Each institution shall establish a Non-Resident Fee Committee to consider changes in resident status based on the above criteria. Application for change of resident classification shall be made in writing to the Dean of Admissions or to the person who has been designated as the Chairman of the Non-Resident Fee

Committee. The Chairman may present each case to the Committee for a final decision, and the student will be notified in writing as to the disposition of his application.

In the event of ruling by the Non-Resident Fee Committee which is unsatisfactory to the student, the student may request that a copy of his file be submitted by the Dean of Admissions or the person designated by his institution to the Executive Director of the Council on Higher Education for referral to the Council's Committee on Residency Review for its recommendation to the institution.

SECTION 7.

EFFECTIVE DATE. These revised guidelines become effective on July 1, 1975, and supersede all previous policies of the Council relating to classification of students for fee assessment purposes.

APPENDIX B

STUDENT STATUS TEST

	Previous tax year		Current year	
	Yes	No	Yes	No
1. Did or will the student live with the parents for more than six weeks (42 days)?	___	___	___	___
2. Did or will the parents claim the student as a U. S. income tax exemption?	___	___	___	___
3. Did or will the student get more than $750 worth of support from the parents?	___	___	___	___

If any answer is "Yes," the student is considered to be "Dependent."

If all answers are "No," the student is considered to be "Independent" or "Self supporting."

APPENDIX C

COMMONWEALTH WORK STUDY PROGRAM

ANNUAL TIME TABLE

January 1	Submit "Request for Funding"
January 10	2nd Quarter Report postmark deadline
February 1	Deadline for funding requests to reach KHEAA
April 10	3rd Quarter Report postmark deadline
April - May	Program reviews
May 1	KHEAA forwards notification of funding level to institutions Renegotiation of all contracts is begun
June 1	Semiannual funding adjustment
July 1	Renegotiation is completed New fiscal year funding transferred to instutitions
July 10	4th Quarter Report postmarked deadline Annual Report postmark deadline
October 10	1st Quarter Report postmark deadline
October - November	Program reviews continue
December 1	Semiannual funding adjustment
Every Month 5th Working Day	Monthly Report postmark deadline

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PROGRAM FORMS

KHEAA USE
DR ______
AA Y____ N____
WRD ______
ACD ______
C/A

COMMONWEALTH WORK STUDY PROGRAM

REQUEST FOR FUNDING

1. ____
Institution Name

____
Address

____
City State Zip Code

2. ____
Program Administrator Name Title

____
Address

____

____
City State Zip Code

3. Please indicate the number of students enrolled in the following categories on December 1: (Students may appear in more than one category.)

a. Full time undergraduates. ________

b. Cooperative Education or Experiential Ed programs. ________

c. College Work Study Program. ________

d. Job Location and Development Program. ________

e. Institutionally funded work study programs. ________

4. Describe the employment opportunities which exist in your service area which can be utilized for Commonwealth Work Study opportunities for your students.

5. Estimate the wage reimbursement dollars you can utilize July 1 - June 30.

____

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6. Explain specifically how you plan to administer this program in your institution.

7. Indicate the administrative dollars, if any, you will require to administer CWSP. ______________

8. Provide a detailed budget below which justifies any dollars you are requesting for administrative costs.

Institution Official Name

Signature

Date

ERIC

COMMONWEALTH WORK STUDY

PROGRAM ADMINISTRATION AGREEMENT

This Document shall evidence the entire agreement between the Kentucky Higher Education Assistance Authority, a de jure municipal corporation and agency of the Commonwealth of Kentucky, (hereinafter known as "Authority") and an educational institution located in Kentucky, (hereinafter known as "Institution").

Statement of Intent

It is the intention of the parties that the Authority, pursuant to KRS 164.744(2), 164.748(4), and 164.748(7) shall implement a program of student work-study in which postsecondary students are placed in career related jobs with eligible employers with reimbursement being funded by the Authority for a portion of the student's gross wages. It is further the intention of the parties that the Institution shall participate in this program under the terms and conditions set forth herein.

Terms and Conditions

In consideration of the mutual promises and responsibilities set forth herein, the parties agree as follows:

Authority Responsibilities--The Authority shall:

Grant funds to the Institution, to the extent that funds are available, to be utilized by the Institution in the administration of the Commonwealth Work Study Program for reimbursement to employers for a portion of gross wages of students participating in the work study program and for documented payment of those administrative expenses incurred by the Institution which are directly related to program administration.

Institution Responsibilities--The Institution shall:

(1) Determine the eligibility of employers in accordance with criteria set forth in the Commonwealth Work Study Program Manual of Procedures and Guidelines, and contract with employers to provide for placement, employment, and wage reimbursement of students of the Insitution over the duration of the grant award period.

(2) Hold in trust and expend solely for the purposes of this program all funds advanced by the Authority and any income therefrom.

(3) Allocate and expend from the total grant award no more than the lesser of $15,000, eight percent (8%) of gross wages actually earned by participating students, or an amount determined by the Authority for documented administrative expenses of the Institution necessarily related to administration of this program.

(4) Have administrative and budget authority to implement the program and to receive, hold and expend funds for the purposes set forth herein.

(5) Maintain such records and submit such reports necessary to document the disposition of funds and the administration of the program (including such records and reports as may be required from time to time by the Authority in the Commonwealth Work Study Program Manual of Procedures and Guidelines).

(6) Afford to the Authority the right to inspect such records any time.

(7) Determine and monitor the elibility of students to participate in the program in accordance with criteria established by the Authority and set forth in the Commonwealth Work Study Program Manual of Procedures and Guidelines.

(8) Establish an appeal process for resolution of disputes related to student or employer eligibility and/or participation.

(9) Advise students of their responsibilities under the program.

(10) Provide equal opportunity under law to all students and employers.

Grant Award--The Authority will tender to the institution by ________, 19___ the total grant award amount of ________ ($________).

The Institution agrees to expend no more than ________ ($________) of the total grant award amount for documented administrative expenses directly related to administration of the Commonwealth Work Study Program. Retention of any portion of the total grant award by the Institution is specifically conditioned upon:

(1) Continued eligibility of the Institution.

(2) Compliance by the Institution with all terms and conditions of this agreement.

(3) Proper disposition of funds in accordance with program guidelines.

(4) Documented need for the funds based upon quarterly reports to the Authority of fund utilization.

The Authority will semiannually review program activity, and reserves the right to recall unused grant funds and/or redetermine the authorized allocation of the total grant award amount between wage reimbursement and administrative cost allowance. In the event that the Authority requests repayment of any or all grant funds pursuant to the terms and conditions of this agreement, the Institution agrees to repay those funds to the Authority within 30 days of the date of the notice of request by the Authority.

Forms--All forms designated by the Authority for use in the administration of the program will be used by the Institution without alteration or modification, except as may be specifically approved by the Authority.

Program requirements--The Commonwealth Work Study Program will be administered by KHEAA and the Institution in accordance with procedures and requirements set forth in the Commonwealth Work Study Program Manual of Procedures and Guidelines provided by the Authority. Said manual is made a part of this agreement by reference as if fully set forth herein.

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Effective Date of Contract--This agreement shall become effective upon its execution by all parties required for its approval. The agreement shall remain in force until June 30, 19___ unless earlier terminated by either party upon 30 days written notice to the other party.

Merger--This document represents the entire agreement of the parties and supersedes any previous or contemporaneous agreements, arrangements, or understandings by the parties. Rights and obligations of either party hereunder may not be assigned or delegated except as provided for herein. This agreement may be subsequently modified by a written addendum signed by both parties.

Situs of Agreement--This agreement shall be deemed to have been made in Frankfort, Kentucky and is subject to all laws of the Commonwealth and the United States prohibiting discrimination.

APPROVED AS TO FORM AND LEGALITY

By: ______________________
General Counsel, Kentucky Higher
Education Assistance Authority

____
Date

KENTUCKY HIGHER EDUCATION
ASSISTANCE AUTHORITY

By: ______________________

____

____
Date

APPROVED AS TO FORM AND LEGALITY

By: ______________________
Attorney
Finance and Administration

INSTITUTION

By: ______________________

____

____
Date

APPROVED:

____
Secretary
Finance and Administration Cabinet

COMMONWEALTH WORK STUDY PROGRAM

EMPLOYER AGREEMENT

This agreement is entered between____________________________________

(hereinafter known as Institution) and____________________________________
(hereinafter known as Employer).

PURPOSE

The Institution participates in a program of work-study funded and sponsored by the Kentucky Higher Education Assistance Authority (KHEAA) pursuant to KRS 164.744 (2), 164.748 (4), and 164.748 (7) and an agreement with the KHEAA. The Institution desires, subject to the terms and conditions of this agreement, to place students, participating in this program, with the Employer in jobs which bear a direct correlation to the students' career directions as evidenced by their programs of study at the Institution. The Institution further intends to reimburse the Employer a portion of the gross wages paid to students by the Employer.

TERMS AND CONDITIONS

In consideration of the mutual promises expressed herein, the parties agree as follows;

I. Institutional Responsibilities--The Institution shall:

(1) Determine the initial and continuing eligibility of students to participate in this program and assure a direct correlation between the student's program of studies and jobs in which he/she may be placed.

(2) Refer, to the extent available, qualified students to the Employer who meet the minimum standards that may be set by the Employer.

ERIC Full Text Provided by ERIC

(3) Reimburse the Employer, within _______ days, upon presentation of a bill and evidence of wage payment, on a _________ basis, at the rate of $1.50 per hour for hours actually worked during the period by any and all students employed pursuant to this agreement. No wage reimbursement shall be paid to the Employer for students employed during any period of time not covered by this contract. In the event that any student employed under this contract ceases to be eligible to participate in the Commonwealth Work Study Program, no wage reimbursement shall be paid for that student for any work performed more than 15 calendar days following the Employer's receipt of notification of the student's ineligibility from the Institution.

II. Employer Responsibilities--The Employer shall as a precondition to reimbursement:

(1) Select and employ the students of its choice. The Employer may fill any or all of the positions allocated for this purpose. The Employer will be free to employ or decline employment to any student referred by the Institution under this agreement, and, upon employment, to terminate said employment at any time for any lawful reason.

(2) Provide supervision, guidance, and training for each student employed under this agreement sufficient to afford the student an opportunity to successfully perform the work assigned.

(3) Act as employer of record for purposes of withholding and payment of employment taxes and payroll functions. The Employer shall be solely responsible for all fringe benefits due the students as employees.

(4) Present to the Institution on an agreed-to basis a bill and accurate, certified proof of wages paid for purposes of reimbursement.

(5) Provide a safe working environment for each student employed under this agreement.

(6) Present to the Institution a complete and accurate Position Analysis for each position which may be filled by a student employed under this agreement. Said Position Analysis shall set forth the duties of the position and the wages to be paid to an employee in that position and shall be attached and made part of this agreement by reference. Any changes to the Position Analysis or the student's work assignment must be promptly reported to the Institution.

37-618 O - 84 - 85

(7) Pay to each student employed under this agreement the amount of wages set forth in the Position Analysis described above.

(8) Not discriminate in employment on any unlawful basis.

(9) Ensure that student employment under this contract will not result in the displacement of employed workers or impair existing contracts for services.

(10) Consider participating students as regular employees in all respects including possession of all rights and obligations of any other employee of the organization and pay prevailing wages as defined in the Commonwealth Work Study Program Manual of Procedures and Guidelines.

(11) Make available for inspection by the Kentucky Higher Education Assistance Authority, the Institution, or their designated representatives, upon notice reasonable under the circumstances, all records reasonably related to the employment of any students under this agreement and provide true copies of said records upon request.

(12) Repay to the Institution any and all wage reimbursement received by the Employer contrary to the terms of this agreement or the Commonwealth Work Study Program Manual of Procedures and Guidelines incorporated herein by reference.

III. Period of Employment--Reimbursable student employment under this agreement shall not extend beyond dates set forth in this agreement. Nothing herein shall prevent the Employer from earlier terminating a student's employment for any lawful reason.

IV. Period of Agreement--This agreement shall become effective upon execution and any subsequent filing requirements and shall extend until June 30, 19____, unless earlier terminated by either party upon thirty days written notice with or without cause. Termination above shall not negate any obligation of either party incurred while the agreement is in force.

V. Merger--This agreement and the attachments hereto represent the entire agreement between the parties, superseding any previous understandings, arrangements, or agreements.

VI. Modification and Assignment--This agreement may only be modified in a writing executed by both parties. Any assignment or delegation of rights or responsibilities under this agreement shall automatically terminate the agreement. No action by either party shall constitute a waiver of a contractual right hereunder.

VII. The Commonwealth Work Study Program is administered in accordance with the requirements set for in the Commonwealth Work Study Program Manual of Procedures and Guidelines prepared by the Kentucky Higher Education Assistance Authority, which is incorporated herein by reference and made a part hereof.

Employer Name	Name of Institution
Name/Title of Employer Official	Name/Title of Insititution Official
Signature	Signature
Address	Address
IRS Entity Identification Number	Date
Date	

COMMONWEALTH WORK STUDY PROGRAM

STUDENT APPLICATION

To Be Completed By Applicant (Print or Type)

Name ______ Last ______ First ______ Middle ______ Soc. Sec. # ______

Home Address: ______

______ City ______ State ______ Zip Code ______

Telephone Number ( ) ______ Birthdate ______ Month ______ Day ______ Year ______

Are you a U.S. Citizen? ☐ Yes ☐ No Major Course of Study ______

Have you every defaulted on a Guaranteed Student Loan? ☐ Yes ☐ No Do you owe a refund on a state grant? ☐ Yes ☐ No

List the name and address of the last school you attended.

Name ______

Address ______

______

☐ High School or ☐ Postsecondary

I hereby affirm that the information provided above is complete and true to the best of my knowledge. I further affirm that my responsibilities under this program have been fully explained to me to my satisfaction. It is my intention to enroll in the school identified below, to continue to be enrolled in this school while working and/or return to enrollment in this school after working on an alternate work study plan under this program. I affirm that I will apply the money received under this program solely to meet those expenses related to my enrollment at the school and those expenses directly related to my employment under this program except as provided under the terms of the Alternate Student Employment Agreement.

______ Signature ______ Date

To Be Completed By School Official

Institution ______

Address ______

______ City ______ State ______ Zip Code ______

1. The applicant (please check)
   - a. Is enrolled or has been accepted for enrollment ☐ Yes ☐ No
   - b. Is a Kentucky resident (see program definition) ☐ Yes ☐ No
   - c. Is in good standing at this institution ☐ Yes ☐ No
   - d. Is progressing satisfactorily toward program completion ☐ Yes ☐ No
   - e. Is participating in another college administered work program ☐ Yes ☐ No
   - f. Completed a full time load the previous regular term ☐ Yes ☐ No
   - g. Is currently enrolled ☐ Yes ☐ No ☐ HT ☐ FT
   - h. Will be an entering Freshman during the next term ☐ Yes ☐ No
   - i. Has a "C" average cumulative (see regulation) ☐ Yes ☐ No
2. Indicate grade classification (Use # umber 1-6) ______
3. Indicate Anticipated Graduation Date ______
4. Indicate family income as reported on the KFAF or GSL Needs Test $ ______
5. Indicate applicant's
   - a. Estimated Cost of Education $ ______
   - b. Itemized work related expenses (direct only)
     - Travel (18¢ per mile from school residence or home, if alternate) (______ miles one way) $ ______
     - Dues $ ______
     - Uniforms, Tools, etc $ ______
     - Other ______ $ ______
   - c. Total CWSP cost of education (Line 5a plus 5b) $ ______
   - d. Total of all other financial aid, including that anticipated, for this year $ ______
6. Indicate the remaining financial need eligibility (Line 5c less 5d) $ ______

I hereby certify and affirm that the information provided above is complete and true to the best of my knowledge based upon the records of this institution or, where appropriate, information provided by the above named student.

______ School Official's Signature ______ Date

KHEAA-CWSP4 (1-1-84)

COMMONWEALTH WORK STUDY PROGRAM

POSITION ANALYSIS

1. Employer ____________________
   Name

   ____
   Address

   ____
   City State Zip Code

   Contact Person ____________________
   Name Title

   Telephone Number (______)__________

2. Provide the following position data:

   a. Positon Title ____________________

   b. Pay per hour __________

   c. Additional Benefits ____________________

   d. Minimum number of hours required per week __________

   e. Date positon is available __________

   f. Minimum requirements including special skills:

3. Provide a description of the major duties for which the individual filling this position will be responsible.

____
Employer Signature

____
Date

KHEAA/CWSPS/1-1-84

COMMONWEALTH WORK STUDY PROGRAM

ALTERNATE STUDENT EMPLOYMENT AGREEMENT

The parties, being ____
(hereafter known as "Institution") and ____________________________,
SSN ________________________, (hereafter known as "Student") are agreed as follows:

The Institution agrees to advise the Student of his/her rights and responsibilities under the Commonwealth Work Study Program and to reimburse a participating employer for wages earned by the student under said program to the extent of $1.50 per hour for each hour actually worked by the student for so long as the student complies with the terms of this agreement.

In consideration of this promise by the Institution, the student agrees to:

1) Fullfill all employment obligation set by the participating employer.

2) Continuously meet all eligibility criteria established for participation in the Commonwealth Work Study Program.

3) Notify the Institution of any changes which may affect the student's continued eligibility to participate in the Commonwealth Work Study Program.

4) Save and use those funds earned under Commonwealth Work Study Program during this alternate period solely for the purpose of meeting the cost of education for the next regular school term plus expenses directly related to this employment except $_______________ allowed weekly for room and board.

5) Enroll in the Institution for full time attendance during the next regular school term beginning _________________________, 19_____.

The parties further agree that the terms and conditions set forth in this agreement are to be construed in accordance with the Commonwealth Work Study Program Manual of Procedures and Guidelines, incorporated herein by reference. The Institution will make said manual available to the student for inspection at the request of the student.

KHEAA/CWSP6/1-1-84

ERIC

The parties agree that any dispute pertaining to the student's participation in the Commonwealth Work Study Program shall be resolved through the established appeal process (described more fully in the attached page(s) and incorporated herein by reference). The decision resulting from said appeal process shall be binding on both parties, absent errors of law or procedure.

Institution

Student Signature

By:

Date

Title

Date

CWSP6-2

COMMONWEALTH WORK STUDY PROGRAM

MONTHLY REPORT

For Month of __________, 19 ___

1. Institution Name ______________________________

Address ______________________________

City __________ State __________ Zip Code __________

2. For each new contract signed during this month, please provide the following data on an attached sheet. Label "Attachment A."

   a. Employer Name
   b. Address
   c. Phone Number
   d. Contact Name
   e. Type of Business
   f. Indicate: Private (For-profit, Non-profit) or Public

ENCLOSE A COPY OF THE POSITION ANALYSIS FOR EACH POSITION LISTED WITH EACH EMPLOYER

3. For any contracts cancelled during this month, indicate the following on an attached sheet. Label "Attachment B."

   a. Employer Name
   b. Address
   c. Phone Number
   d. Effective cancellation date

This form and its attachments are certified by:

____
Name

____
Title

____
Phone Number

____
Signature

____
Date

KHEAA/CWSP7/1-1-84

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COMMONWEALTH WORK STUDY PROGRAM

QUARTERLY REPORT

For Quarter Ending __________, 19___

1. Institution Name ______________________________

Address ______________________________

City __________ State __________ Zip Code __________

2. Effective the last day of the quarter, please indicate the following:

a. Number contracts in force at the end of quarter ________

b. Number new contracts signed this quarter ________

c. Number students currently employed ________

d. Number students who began employment during quarter ________

e. Gross dollars earned by students during quarter $________

f. Actual wage reimbursement dollars paid out during quarter $________

To private for-profit $________
To private non-profit $________
To public $________

g. Unused wage reimbursement dollars remaining $________

h. Wage reimbursement dollars incumbered but not paid during quarter $________

i. Administrative Cost Allowance

(1) Indicate allotted dollars remaining $________

(2) Attach a detailed quarterly expenditure report

3. Do you anticipate requesting a supplemental allotment of wage reimbursement dollars (if available) during the next quarter? Y ____ N ____

If yes, estimate the amount you could utilize? $________

FORM CERTIFIED BY:

Name ______________________ Signature ______________________

Title ______________________ Date ______________________

Phone Number ______________________

KHEAA/CWSP8/1-1-84

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COMMONWEALTH WORK STUDY PROGRAM

ANNUAL REPORT

For Fiscal Year End
June 30, 19_____

1. Institution Name ____

   Address ____

   ____

   City State Zip Code

2. Indicate: Original Dollars Received/Allotted
   - Wage Reimbursement $________
   - Administrative Cost $________

   Dollars Deallocated
   - Wage Reimbursement $________
   - Administrative Cost $________

   OR

   Supplemental Dollars Received
   - Wage Reimbursement $________
   - Administrative Cost $________

   Dollars Remaining July 1
   - Wage Reimbursement $________
   - Administrative Cost $________

3. Total number of employer contracts completed ________

   Total number of employer contracts cancelled ________

   Total number of employer contracts being renewed ________

4. Indicate total number of students placed in each category:

	$3.35-$4.50	$4.51-$5.50	$5.51-$6.50	$6.51 plus
Freshmen	____	____	____	____
Sophomores	____	____	____	____
Juniors	____	____	____	____
Seniors	____	____	____	____
Other	____	____	____	____

5. Total number of eligible CWSP applicants ________

   Number who earned wages ________ Number who never earned wages ________

6. Gross wages received by students $________
   a. Private, for profit $________
   b. Private, non profit $________
   c. Public $________

7. Total wage reimbursements paid to employers $________
   a. Private, for profit $________
   b. Private, non profit $________
   c. Public $________

8. Total hours reimbursed for all students (July 1-June 30) ________

9. Number of Alternate Student Employment Agreements in force ________

Form Certified By:

____________________ ____________________

Name Phone Number

____________________ ____________________

Title Signature

____

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COMMONWEALTH WORK STUDY PROGRAM

SUPPLEMENTAL FUNDING REQUEST

For Period Beginning ______________________
and Ending ______________________

1. Institution Name ______________________

Address ______________________

____
City State Zip Code

2. Please indicate the additional wage reimbursement dollars being requested. $______

3. Please indicate the additional administrative cost dollars, if any, being requested. $______

4. Provide a full justification for this request. Attach additional sheets as needed. Include updated budgets, as needed.

Form Certified By

____
Name

____
Title

____
Phone Number

____
Signature

____
Date

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KENTUCKY
HIGHER EDUCATION
ASSISTANCE
AUTHORITY

Commonwealth Scholars Program

1984-85 academic year

PROGRAM GUIDELINES

March, 1984

Kentucky Higher Education
Assistance Authority
1050 U.S. 127 South
Frankfort, Kentucky 40601

Telephone: (502) 564-7990

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THE COMMONWEALTH SCHOLARS PROGRAM

Established for Academic Year 1984-85
By The Board of the
Kentucky Higher Education Assistance Authority

PROGRAM GUIDELINES

Purpose of the Program

The Commonwealth Scholars Program was established to recognize and reward excellence among Kentucky's academically outstanding students and through financial assistance to encourage attendance at Kentucky's eligible institutions. Commonwealth Scholars awards are made to students who demonstrate the highest capabilities for successful college study.

Applicant Pool

Regular Procedure

Kentucky high school students who take the ACT (American College Testing Program) or the SAT (Scholastic Aptitude Test of the College Board) in April (Spring) or June (Summer) as a junior or in October (Fall) as a senior will automatically become part of the applicant pool for a Commonwealth Scholar Award. Based on the 98th or 99th percentile on these tests, invitations will be extended directly to identified students to submit other academic and personal information through their Kentucky high school for ranking purposes. Scholarships will be offered to the top-ranked students from this identified statewide pool to attend the institution of their choice from among the twenty-three eligible four-year Kentucky colleges and universities.

Alternate Procedure

Other Kentucky high school graduates or students who have ACT or SAT scores at the 98th or 99th percentile from other test dates from prior years who have attended no college may send verification of their test scores through the Kentucky high school they attended to the Kentucky Higher Education Assistance Authority requesting consideration as a Commonwealth Scholar. The same additional academic and personal information as that in the process described above will then be requested. Adequate steps will be taken to ensure compliance with affirmative action rules and with the State Higher Education Desegregation Plan.

Award Amount

Commonwealth Scholars Awards will cover the total cost for attending the student-selected eligible institution.

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Total cost of attendance for this program includes:

1. All tuition and mandatory fees,

2. Room and Board for on-campus housing or other contracted away-from-home food and housing services recognized as payable by the institution but not greater than on-campus costs.

3. An allowance of $400 for the academic year for books and supplies, and

4. An additional $400 for the academic year for personal expenses and transportation.

Eligibility Requirements

To become a Commonwealth Scholar a student must:

1. Be a resident of the Commonwealth of Kentucky,

2. Be eligible for admission to the institution of choice from those listed on the last page of the Data Submission Form,

3. Enroll in a baccalaureate degree program,

4. Be a full-time student,

5. Be a prior-year graduate of a Kentucky high school or follow the Alternate Procedure and meet all eligibility requirements,

6. Be a U.S. citizen, and

7. Not enroll in a program of study which leads to a certificate, diploma, or degree in theology, divinity or religious education.

Only students who are invited to apply and who meet all of the above eligibility criteria should submit the Award Selection Data.

Eligible Institutions

Eligible institutions must be accredited by the Southern Association of Colleges and Schools. They must be four-year, baccalaureate-degree granting institutions located in Kentucky which have executed Administrative Agreements with KHEAA. The current list of eligible institutions is on the reverse side of the Data Submission Form.

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Award Selection Data (Selection Criteria)

A scholarship index is calculated for each applicant. Applicants are ranked by the total scholarship index. The index is calculated from:

1. ACT or SAT scores (verified by copy from school files),

2. Kentucky high school transcript, (ninth, tenth and eleventh grade academic courses computed on 4.0 scale),

3. Student rank in class,

4. Leadership and service potential,

5. Submission of a written paper on an appropriate subject to be determined annually by a representative from the private institutions, the Council on Higher Education, the Prichard Committee and the State Department of Education in consultation with the KHEAA staff. This paper must be between 200 and 300 words and be written by the student under supervision of the counselor or principal and verified with the other requested high school information.

6. The total aggregation of credentials including the written paper are to be mailed by the counselor, principal or other designated school official to:

Commonwealth Scholars Program
Kentucky Higher Education Assistance Authority
1050 U. S. 127 South
Frankfort, Kentucky 40601

7. Complete files must be received in Frankfort by the deadline date on the Data Submission Form. The deadline date will be determined by the KHEAA staff.

Based upon the scholarship index, awards will be offered to students from highest rank in descending order until the total funds for the scholarship program for the year are exhausted. The process will continue if scholarships are released by higher ranking students who choose other options. The total number of Commonwealth Scholars is conditioned by the amount of funds available for any award year. Availability of funds is a precondition for the continuation of the Commonwealth Scholars Program.

Applicant Responsibility

Each applicant is responsible for:

(1) Submitting the required material by the deadline date in the Data Submission Form.

(2) Providing verification, if requested, of information contained in the data sent to the Kentucky Higher Education Assistance Authority (KHEAA).

(3) Informing the Kentucky Higher Education Assistance Authority regarding any change in status or any other information that might have a direct bearing on eligibility.

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Continuation of Award

Commonwealth Scholarships are awarded for one academic year and renewed annually for three additional academic years if the student maintains not less than a 3.0 grade point average on a 4.0 scale and is recommended for continuation as a Commonwealth Scholar by the president (or his or her designee) of the college or university in which the Scholar is enrolled.

The scholarship may be extended through the fifth year where programs are five years in established length so long as the established 3.0 grade point average is maintained and the recommendation by the president (or his or her designee) is received.

Cancellation of Award

(1) Students who discontinue full-time attendance during a term lose their scholarship. A refund will be due to Kentucky Higher Education Assistance Authority based upon the refund policy of the institution.

(2) If a recipient is dismissed or withdraws from college before completion of any term, the scholarship is lost and the award amount or portion thereof shall be refunded to Kentucky Higher Education Assistance Authority in conformity with the institution's refund policy.

(3) If a Commonwealth Scholar is temporarily unable to attend school because of illness or other causes deemed satisfactory by the president of the institution, the Board may, upon written request by the president, grant a leave of absence. Following a leave of absence, scholarship payments will be resumed when re-enrollment is confirmed.

Administrative Payment Procedures

(1) Each quarter or semester the president of the institution which the Commonwealth Scholar attends will be sent a check for each scholar who enrolls at that institution. A roster of scholars will be sent to the student financial aid administrator at the institution.

(2) After the last day on which classes can be added or dropped, the institution will send the checks back to KHEAA for all Commonwealth Scholars who failed to enroll as full-time students in a baccalaureate program.

(3) Checks will be made individually payable to students and shall be disbursed promptly to the students following their full-time enrollment in a baccalaureate program.

(4) Institutions will be responsible for:

(a) Verifying full-time enrollment,
(b) Confirming registration in a baccalureate program of at least four years length,
(c) Verifying academic records to confirm the required average for continuation of the award after the initial year, and
(d) Monitoring student enrollment to see that full-time status is maintained throughout the quarter or semester and making refunds when eligibility is not maintained.

(5) The student will be responsible for providing academic information certified by the institution's registrar, president or other authorized official, such as cumulative grade point averages after the initial year.

Selection Committee

Initial screening of application data for completeness will be done by the KHEAA staff. Written papers will be scored by three individuals in Kentucky colleges, universities and secondary schools who will not have access to the applicant's identification or other application data. The average of three individual scores will be the score assigned to the paper. Scoring of other selection criteria will be performed by a Selection Committee appointed for this purpose from outside Kentucky.

This Selection Committee will:

1. Determine the relative value of each of the five selection criteria (the written paper, the test scores, high school transcript, rank in class, and leadership and service potential), and

2. Evaluate and assign a score to the data provided by each applicant.

The Selection Committee will then compute the scores for the applicants and rank the students from highest in descending order for review by the Board. Subject to Board approval of the process, the awards will then be offered until funds are exhausted.

Acceptance by the applicant of the Commonwealth Scholarship shall require that the recipient release the institution and any other organization from any legal commitment to provide financial aid or scholarships to the applicant.

STATEMENT OF PAUL BORDEN, EXECUTIVE SECRETARY, KENTUCKY HIGHER EDUCATION ASSISTANCE AUTHORITY

Mr. BORDEN. Thank you very much, Mr. Chairman, members of the committee and in particular Mr. Simon, chairman of the subcommittee. I have had the opportunity to appear before you on several occasions. I know that your time is very limited. So I will not read from my remarks. I will attempt to summarize them very quickly.

Unlike the other people here at the table today, I represent organizations which basically are creatures of the act that you now seek to reauthorize. The Assistance Authority was established in response to the Higher Education Act of 1965 and the Student Loan Corporation which is the creature which finances these student loans in Kentucky was the creature, the reaction of the State, to amendments to that legislation.

In preparation for this testimony, I offered to the presidents and student aid officers throughout the State the opportunity to advise me about various parts of the bill.

I will stick exclusively to the title IV parts and will attempt to summarize very quickly what those responses and recommendations were. I will just touch the high points and perhaps there will be time for questions.

With respect to the Pell Grant Program, there was a strong feeling that it ought to be reverted to an entitlement concept, that the appropriations level has caused it to be too narrowly focused, that we do need to have appropriations sufficient to get it up to a moderate income level again. There seemed to be uniform support for increasing the maximum award, for establishing the family contribution schedule into the law, for the master calendar, for the legislative definition of "independent student." However, there was some concern about the arbitrary 24-year-age provision within the act.

With respect to the half-cost versus half-need controversy, I marked that "too hard to handle" and said I would defer to the publics and privates on that particular point. [Laughter.]

There did seem to be opposition to extension of Pell Grants to graduate level first-year on the basis of the very grave difficulties of getting sufficient funds even for the currently targeted group. It seemed to me in reviewing all of the responses that the greatest need is for more funding. They think that the mechanism is there.

With respect to the College Work-Study Program, there is a great interest in retaining the State allotment features of the formula. On a related matter, I gave you guidelines for a new Commonwealth Work-Study Program in Kentucky and also a new Merit Scholarship Program in Kentucky.

With respect to the Block Grant Program, there seemed to be very strong support throughout the State for that concept, but a very high level of concern that this consolidation would make it an awfully easy target for future fund reductions and some level of discomfort with respect to the protection against that, which is incorporated into the present bill.

Personally—and this does not reflect their responses—I place a high value on some continuation of the NDSL program and would

note that the State Student Incentive Grant Program caused Kentucky to have a comprehensive student grant program and would caution that when you lump this into the block grant concept you, in effect, free up all of the States to define the target group for the balance of their funds and, to a certain extent, I think you run some risk that the targeted State funds might move in other directions.

With respect to the Guaranteed Student Loan Program, I think there are two great efforts, both of which are somewhat addressed in the bill, that need to be made. The best thing that you can do for the Guaranteed Student Loan Program is to adequately fund the Pell and the campus-based program. That will remove the extraordinary dependence upon GSL's, it will lighten the debt burden for students. It will contribute to future reasonable default rates.

The second major thing you need to do—and, again, this is addressed, I think, in great part in your bill—is to simplify and stabilize the GSL Program. The private lenders, the providers of private capital simply can't continue to accept changes year-in, year-out in how that program operates.

I would oppose your suggested reduction to special allowance payments for tax-exempt finance portfolios. That's a very important part of our program in Kentucky. I would strongly support your last resort lender provisions, but would suggest—and I give a little more detail in the paper—that you ought to remove that kind of program from the reinsurance trigger.

I recognize and you recognize that there is not a great deal of financial exposure under the current formula or the one in the bill. However, it's very difficult to explain that relatively small exposure to people out in the State, to the general assembly and to other concerned parties.

The loan limits—I would support the National Council of Higher Education loan programs on that because of the needs for other States. But, for Kentucky, I think the limits within H.R. 5240 will be sufficient, particularly if we can get better funding for the grant and the campus-based programs.

I would commend to your consideration the recommendations of the National Council with respect to the supplemental loan programs and also the credit eligibility index. I would agree with repeal and support repeal of the origination fee, which is just a grossly unfair assessment at a time when it can least be afforded.

I would support extended repayment periods at higher interest rates to share some of the costs. Increasing the minimum payment to $75 I think is reasonable. That is in the bill. I would support conversion of the insurance premium to the 3-percent flat rate though I would note that in many jurisdictions that would result in greater reductions from the proceeds to students than currently exist under the current formula. I would again support the current reinsurance formula except for last resort loans. I think that a very good feature would be to increase the interest rate for students following default. There needs to be some penalty for a student who, without adequate cause, defaults on the loan.

Finally, Mr. Chairman, at the end of my testimony, there are just four points that I would just ask that you consider. One is to

continue the flexibility for States such as Kentucky to adopt/default regulations through its financing entity.

Second, I think we have to control, limit, the ability of the secretary of finance under what is referred to as the for amendment to shut down programs like ours through misinterpretation of the law that is currently there. I would hope that the new act could give some protection on that score.

Third, Mr. Chairman, I am very concerned about the efforts to centralize funding in Sallie Mae. It might work well now, but once it's a monopoly I can assure you that the profit motive will cause the pricing for those funds to increase substantially and I don't think that in Kentucky at least we are comfortable with recentralization of the program into Washington, DC.

Fourth, I would ask that you consider providing some protection to State-bound guarantee agencies such as the Assistance Authority in Kentucky. At the present time other organizations can come into the State and pick off the medical and dental and the very high balance loans from our portfolio and we have no way to go out and recoup that loss. We have to keep that part of our loan program in Kentucky in order to be able to afford to service the $200, $400, $600 loans throughout the State.

Again, Mr. Chairman, Mr. Simon, I appreciate this opportunity. I would be happy to attempt to answer any questions.

Chairman PERKINS. We are going to start with you, Dr. Hall and go across and let all of the witnesses comment on the couple of questions that I have and then Mr. Simon will interrogate you. But listening to the testimony, it seems that the two biggest disputes over this bill involve raising the so-called half-cost limit in the Pell grant and creating this new block grant for campus-based student aid, national direct loans, supplemental grants, and State incentive grants. Let me ask all of the witnesses two questions about these two points.

First, by raising this half-cost limit to 75 percent of cost as the basis for determining Pell grants, would we be shifting the availability of Federal student aid to help public colleges more than private colleges?

Second, by making the Pell grants an entitlement and then block granting most of the rest of student aid, are we running the risk that the Pell grants will be funded and that the block grants could be phased out?

We'll start with you, Dr. Hall. You represent a fine college. Go ahead.

Dr. HALL. I would defer to some of the statistical analysis that has been done by John Frazer. I have reviewed that and I rely on the accuracy of his analysis. It points up that by raising the Pell grant to 75 percent of tuition and books and a portion of the support for room and board, it would appear to favor the public institution and work to the disadvantage of the private institutions, at least in Kentucky.

Chairman PERKINS. Why do you say that?

Dr. HALL. Based on the analysis that his figures have shown that the increase to 75 percent of cost rather than need will put into the hands of students attending the public institutions or make accessible to them more money, reduce the net cost to those students of

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attending those institutions and therefore, enhance access to those institutions correspondingly, not have as great an effect on the private institutions, discourage access and, therefore, have an impact on this whole question of choice.

Now that is a pretty broad-brushed review. John has the statistical data to support those comments.

Chairman PERKINS. Now on the second aspect of the question, the block granting and the entitlement for Pell grants.

Dr. HALL. I would support the entitlement process for the Pell grant. I think that makes good sense and I like the notion of the block grant concept because I like the idea that it would give the institutions the ability to be more responsive in a more timely and meaningful way to the individual needs, as they can more clearly identify them, of students. There are so many variables at work when you are dealing with a particular group of students as to what their specific needs are and how they are best capable of supporting the costs or meeting the costs of their educational program.

I think we all share that concern that the block grant concept could become politicized and if it, all of the sudden, became a football and became something that was either removed or gradually diminished—and it looked to me in the language that I was reading that the potential was there for that to happen with some of the possible reductions in future years of block grant funding. The criteria are not clearly established as to how institutions would be eligible and I have a sense that there is a danger of that funding being diminished significantly to the detriment of all institutions. But I do like the notion of moving that money closer to the institution and thereby enabling the financial aid directors to be responsive in a more timely fashion to the needs of the students.

Chairman PERKINS. You go ahead, Mr. Frazer.

Mr. FRAZER. First of all, I think that there would be serious difficulties in the movement to the 75 percent of cost as proposed in the bill for the independent sector colleges. Jack referred to the analysis that we conducted and under the calculus of H.R. 5420 using that particular approach, we find that one of our colleague institutions right here—let's take one that is actually here—the Hazard Community College would move to the point that the Pell grant alone would cover 95 percent of the costs of that student under that calculus.

Taking one of our medium-priced institutions, again in an urban center, Bellarmine, the Pell grant would cover 50 percent of the costs—student costs. Now the problem is that the cost of higher education, public and private, is approximately the same. Price differential because of the tuition support in the public sector is, of course, different.

Our institutions in Kentucky in the independent sector are mainly small, they are relatively homogenous, they are undergraduate basically and yet, as I pointed out earlier in my initial testimony, a substantial part of the under-$12,000 people in Kentucky—family income—are electing to attend these colleges even though it does cost them more. They are putting in additional loan commitments, additional work commitments. I think the reason is not that one is better or worse, but that they are different—a part of the genius, as I said earlier, of the system. The needs of students are

met in different ways and if we homogenize the system I am afraid we would have some critical problems.

So, in short, I think the move to the 75 percent does create an artificial stimulus to go to the lowest-price institutions which basically are the public institutions, and that comes back to your second question, Mr. Chairman, our concern with the block grants.

If we were reasonably assured or if the legislation could reasonably assure us that by combining CWS, NDSL, SEOG, and the elimination of the SSIG, that the block grants would be funded at a reasonable level so that students really could have not only access, but choice, we might feel better about it. But as I said also in my testimony, the fact that, notwithstanding legislative mandate, there's a $150 million shortfall in the triggers that already exist in those programs.

The possibility of the blocks working against an entitlement which drives itself rather than acquiring appropriations, we think, could create some fairly serious dislocations in the system "down the road a piece," as the old fellow said.

I am delighted to say that the ACE, an umbrella representing public, private, the whole spectrum, is concerned about this divisive quality and we used, in fact, their commentary on the bill as the basis for our review which is appended to my testimony.

So, in summary, I think the 75 percent does create serious dislocations between sectors for the reasons outlined, and you and your staffs can look at that more carefully. We have genuine concerns based on, frankly, the budget deficit and the history of funding for the campus-based programs, the ones that do allow the choice component to function. We are a little concerned about that, yes, sir.

Chairman PERKINS. Mr. Borden.

Mr. BORDEN. Again, I find myself between the publics and privates on this issue.

Mr. FRAZER. Literally, as well as figuratively. [Laughter.]

Mr. BORDEN. My perception would be that the proposed change would create some shift from the private institutions to the public if the funding is held anything close to level. At the present time, the community colleges, particularly, do bump up against that 50-percent cost limitation, so any time you raise that limit you are automatically increasing the amount for which they can qualify, while within the private institutions that is not the case, and I would tend to agree that the recommendation in the bill does deal more adequately with access certainly than it does with choice.

In Kentucky, they may have some benefits because of the very low college-going rate that we have and the need to enhance that college-going rate. I remember the debate, the pain, the agony that went into coming up with this initial compromise at the 50-percent level, and I would wager that there is going to be that same kind of debate and agony with respect to this particular point.

Relative to the other part of your question, whether the entitlement aspect of Pell would be a threat to the block grant, I think it certainly would be. I would think that the only feasible way to get the block grant concept, which seems to have some support, would be to perhaps tie it into the entitlement aspects of Pell so that, in fact, the block grant might be the first block of money to which in-

stitutions would be entitled, which would give a better protection, I think, than what may currently be in the bill.

Chairman PERKINS. Dr. Goodpaster.

Dr. GOODPASTER. Mr. Chairman, Mr. Simon, and other members of the committee, I think we are dealing with a basic philosophy here—and I am speaking as a community college administrator—that perhaps we are being challenged to think through the process of allocating funds to assist people who we say are entitled to educational benefits.

Specifically, in our case, we are dealing with different kinds of students. At Ashland, as I gave you before—at Ashland Community College, our increase in enrollment has come about largely through the older, nontraditional student. I feel that the 75 percent will allow our institution to more effectively carry out what we state our purpose is, and that is to serve the needs of our local citizens.

Our 2-year associate degree programs are developed with the aid of local advisory committees and with the purpose of turning out qualified students who can move into job opportunities in our area. Similarly, we terminate programs on the same basis and we have terminated three within the last 3 years, because there were no job opportunities.

The point is this, we are actually getting the older students—and I cited that 37 percent of our students are over the age of 65—62 percent are female students—most of them would be homemakers and have other responsibilities and they cannot go away from home. We are serving these people in our local community. I feel—and I would have to say that I disagree with our people over here in the private sector. I recognize that their problems are different. Let me assure you, though, that our growth, our increase, has come about because of the 2-year associate degree programs which lead to employment. I cite one program and this may have value for the private sector as well and that's a 2-year associate degree program training dental hygienists. We developed this program in Ashland with the aid of many people, including our local dentists—at that time we had 28 local dentists volunteering their services. That program was moved—all the equipment including the two faculty members and the coordinator, who happened to be a dentist, to another community college for a 3-year cycle. It has gone to Hazard Community College and in May it will return to Ashland, but it is returning on the basis of a demonstrated need for dental hygienists.

I see in this act an opportunity for cooperative planning. I think what I have heard here this morning tells me that we definitely need to get together, the private and public, as well as our local school systems, and cooperatively plan. I am thankful that the act covers that part of it. There is that kind of encouragement, and we hope that in Ashland we will be able to work with the school system on a program that would take advantage of some of the opportunities here as soon as this is enacted. Thank you, sir.

Chairman PERKINS. Dr. Jolly, go ahead.

Dr. JOLLY. I would prefer not to see this, and, historically, I don't think the approach has been private versus public. I have always understood the Pell grant approach to be establishing the need of a

student and then their ability to finance, and match that financing and need together, and then, I see what is under this reauthorization as pulling that closer together. I don't see it as private versus public. The texts on Pell grants are written to the individual students. They are not written to the institutions. I think this is historically the way this has been.

So in the sense of that we are going to help more people meet the financial requirement to attend college, as has been the historical purpose - and this is a movement a little bit closer to that long-established goal—I just simply cannot see it in a private, public or those kind of things. I see it as helping that individual student and he will choose and work out whether he plans to attend Pikeville or Hazard or whatever kind of college. So I would prefer not to see it and I don't think it has historically been in that kind of light.

On the block grant thing, I think there is the problem that Paul has pointed out, is that is most likely a place that it could get whittled and if we continue much longer under this administration, we can depend on that attempt, can't we?

Chairman PERKINS. Dr. Hall, currently, there are formulas to distribute college work-study funds, campus-based student aid and library assistance. This bill would change the formulas for each of these programs. Does anyone know the effects of these proposed formula changes on institutions like yours in Kentucky?

Dr. HALL. I don't feel qualified to respond to that one, sir. I don't know the percentage shifts with the work-study distributions that you are referring to.

Chairman PERKINS. That's very important—the formula change to distribute college work-study funds, campus-based student aid and library assistance. Have any of you looked into that aspect of the bill?

Mr. Borden.

Mr. BORDEN. Mr. Chairman, we have not looked directly into it through our office, but in several of the responses we received from people out in the institutions, there were indications of great fear about what that would do and I think when one looks at the distribution formula which takes into consideration, I think, full-time employment nationally with comparisons to the State of Kentucky, and you, in turn, look at our college-going rate—the relatively small part of our population which gets into college—there is reason to have some fear. We would be happy in our shop to attempt to make that analysis and provide it to the committee, if you would like.

Chairman PERKINS. Thank you very much. I wish you would do that hurriedly, if you can make that analysis and get it right back up here. Without objection it will be inserted in the record, if you can do it in the next 6 or 8 days.

Mr. BORDEN. We will do so.

[Information referred to above follows:]

MAY 1 1984

KENTUCKY HIGHER EDUCATION STUDENT LOAN CORPORATION
1050 U.S. 127 SOUTH
FRANKFORT, KENTUCKY 40601

GOVERNOR
MARTHA LAYNE COLLINS

May 10, 1984

EXECUTIVE DIRECTOR
PAUL P. BORDEN

The Honorable Carl D. Perkins
United States House of Representatives
2328 Rayburn Building
Washington, D. C. 20515

Dear Congressman Perkins:

In accordance with your request near the conclusion of the hearing on Mr. Simon's efforts to reauthorize the Higher Education Act of 1965, I am enclosing our assessment of the effect of certain formulas included in his bill upon the Commonwealth of Kentucky. I regret that we are late in providing this information to you. In our efforts to be responsible, we checked with several Department of Education and legislative people and were unable to find any evidence of any other similar analysis.

Please let me know if there are any questions regarding this information. I again want to thank you for the opportunity to appear before your committee and to express my appreciation to you for your support of our efforts to secure approval of the Higher Education Student Loan Corporation's Plan for Doing Business. Our Plan will be submitted on Thursday, May 10, and we will keep you informed as to its progress.

Sincerely,

Paul P. Borden
Executive Director

Enclosure

cc: Lester M. Thompson,
Secretary, Finance and Administration Cabinet

84-5-17-1-1

EVALUATION OF SIMON REAUTHORIZATION IN KENTUCKY

COLLEGE WORK-STUDY

1. Formula recap (page 99): The allotment will bear the same ratio as the total Pell Grant dollars awarded plus the total GSL dollars awarded during the most recently completed academic year.

   Institutions receiving dollars prior to October, 1985, for FY 1986, will be allotted not less than 90% of the prior year.

   For succeeding years, the allotment will not be less that 90% of the proceeding year.

   If appropriations are insufficient, allotments will be ratably reduced.

2. Calculations are based on FY 1982 figures obtained from the Department's Campus Base Analysis Section and California's Loan Program report.

3.

KENTUCKY		FEDERAL	
GSL	$65,525,469	GSL	$6,133,000,000
PELL	36,250,847	PELL	2,270,492,022
TOTAL	$101,776,316	TOTAL	$8,403,492,022

$$\frac{101,776,316}{8,403,492,022} = 1.21\% \text{ ratio}$$

1986 proposed appropriations $600,000,000
.0121

$7,260,000 Kentucky portion

4. The three prior allotments have been as follows:

1982	$8,194,356
1983	$8,487,392
1984	$9,466,903

   The utilization rate in Kentucky during FY 1982 was 99%. Assuming an equal rate for 1983 and 1984, the funds used were:

1982	$8,122,502
1983	$8,402,518
1984	$9,372,234

5. In each year preceding FY 1985, the funds used have been <u>greater than</u> the proportionate $7,260,000.

   Under the Simon Plan, therefore, Kentucky would receive 10% less funding with the potential existing for an additional 10% less each succeeding year.

BLOCK GRANT

1. Formula recap (page 109): The allotment will bear the same ratio as the total Pell Grant dollars awarded plus the total GSL dollars awarded during the most recently completed academic year.

Institutions receiving dollars prior to October, 1985, for FY 1986, will be allotted not less than the sum received the preceding year.

For succeeding years, the allotment will not be less that 90% of the proceeding year.

If appropriations are insufficient, allotments will be ratably reduced.

2. The Block Grant formula ratio for Kentucky is the same as that calculated for College Work Study: 1.21%

1986 proposed allotment	$800,000,000
	.0121
	$ 9,680,000

3. The three prior year allotments are as follows:

1982 -	SEOG	$4,201,236	
	NDSL	3,360,896	
	SSIG	703,022	$8,265,154
1983 -	SEOG	$3,740,815	
	NDSL	2,012,090	
	SSIG	899,868	$6,652,773
1984 -	SEOG	$3,751,478	
	NDSL	2,012,107	
	SSIG	732,300	$6,495,885

The 1982 utilization of funds was 99%. Assuming an equal rate for succeeding years, the fund use was:

1982	$8,250,334
1983	$6,586,245
1984	$6,430,926

4. Under the Simon Plan, therefore, Kentucky would receive substantially more dollars. After the first year, however, the Plan language provides for a 10% yearly reduction.

SUBJECTIVE OPINIONS OF AID ADMINISTRATORS

1. If PELL becomes a pure entitlement, reduced appropriations would then bite into CWS and BLOCK dollars thereby eliminating those programs which offer packaging flexibility.

2. The "90%" language in both the CWS and BLOCK formulas provide for phasing out these programs.

3. Kentucky may be near its saturation point for CWS dollars. There appears to be little complaining by aid administrators rega[illegible]e level of CWS funds being received. (Vescio)

4. Flexibility of the BLOCK concept is generally suppor[illegible] A funding protection seems to be the greatest concern. Administrators are adamant about the need to retain these forms of aid in whatever design.

Chairman PERKINS. Let me ask you one concluding question, Dr. Hall. Not too many years ago your college was a community college. It's been a 4-year college now how long?

Dr. HALL. Since 1956.

Chairman PERKINS. It doesn't seem like it's been that long. Time gets away so fast.

What is your last comment after hearing these other gentlemen comment on the question that I propounded a few moments ago?

Dr. HALL. With regard to the 75-percent provision?

Chairman PERKINS. And with regard to the entitlement.

Dr. HALL. We get into a question, sir, of the mission of an institution. Pikeville College is now, by being a 4-year institution, providing a baccalaureate program and it's primary thrust is for the liberal arts experience. We do have two associate degree programs—one in mining education and the other in nursing—both of which make a very important contribution to the region. We have a mission very similar, even at the 4-year institutional level, very similar to Hazard Community College. We serve eastern Kentucky. We serve the disadvantaged student. We endure many of the same pressures. I was talking to Mr. Goodpaster on the way up last evening and the profile of our student body is very similar to the profile of his student body in terms of nontraditional students, in terms of male-female ratios, we have a very heavy computer component.

I can only rest my final conclusion on the data that John Frazer and his colleagues have developed when I respond to your question again with regards to the 75-percent provision. On the surface it would appear to be a bonanza for all institutions serving disadvantaged students. The conclusions that these statistics present show that the impact would make access to the community college even more readily available and make access to the private institutions less readily available.

You know far better than I that we are in an area where poverty and financial disadvantage abound and the decision to attend a

postsecondary institution is made on the perception of cost rather than the reality of the availability of certain levels of financial assistance.

Anything, in my judgment, that would appear on the surface to make it more expensive for a student to attend a private college or make it less expensive to attend a public college would seriously impact the notion of access. Where private institutions like Pikeville College are struggling very hard to survive and their survival is very closely tied to an enrollment and to a retention capability, I worry if these statistics hold what it's impact might be on the future enrollment of the institution.

Chairman PERKINS. Mr. Simon.

Mr. SIMON. Yes, thank you, Mr. Chairman.

Thank you for your testimony. Let me, if I may, respond to your one question here, Mr. Chairman, so that there is no confusion. The proposed formulas have a safeguard—the 90-percent safeguard—so that what has happened, Mr. Chairman, on our programs is that some of them, like college work-study designed to help the kids who really need help, in fact, have been going to middle-income students to much too great an extent rather than the kids that really need the help. That we want to change.

At the same time, we want to protect colleges so we just don't pull the rug out from under them. So we have this formula that says, "You are going to get more help, if you help poor kids, but we are going to guarantee that you don't get less than 90 percent of what you got before." That seems to me not to be unreasonable.

Let me talk about the general aim of what we're trying to do and then focus in more specifically on your comments. What we are trying to do is to see that college is available to everybody. We project, as you people know, in the next 10 years a drop of approximately 20 percent in enrollment. But if we had the same percentage of blacks, Hispanics, rural poor and women enrolling as we do—who graduate from high school—as we do white males, there would be no drop in college enrollment in the next 10 years. So that if we can make college enrollment available to young people—and not just young people—particularly in community colleges to all people, by providing a little greater assistance, we are going to be helping this country immensely and helping your schools immensely.

The one estimate—just a very rough estimate—that we got from CBO is that there might be an additional 500,000 people enroll in college if this were to pass. What a tremendous plus that would be for this country to have another 500,000 people in our schools.

On the cost, I would simply point out that—and this may be of interest to you, Mr. Chairman—in constant dollars—in other words, dollars adjusted for inflation—the 1980-81 school year, the Federal Government provided $19.4 billion in aid. Now some of that was Social Security, some of it was veterans' programs. For the 1983-84 school year, we are providing $15.4 billion in aid or a drop of $4 billion.

What this bill is going to suggest—not that we go all the way back up—but that we invest a little more in ourselves and I think it makes just an awful lot of sense.

We also want to make sure that choice is there, because what is happening—while your statistics are, frankly, unusual and very favorable of the 16 percent/25 percent figures you were using, that's not the national pattern. We are increasingly segregating American higher education on the basis of economics. One of the things that we want to do in this bill is to increase choice not to diminish choice and so we are on the same wavelength there.

We do get down to this very knotty problem that we do every time we reauthorize and that is the percentage figure. There are a few people who are getting together very shortly to try to work out a compromise here. That has been the traditional way we work this out. The reason for the 75-percent figure is, frankly, the current law says, as we move up—the current law, if we hadn't had Gramm-Latta, we would be at $2,600 and 70 percent. That was part of the compromise that was worked out between the publics and the privates. We have gone what I thought was one reasonably logical step beyond that in moving to $3,000 and 75 percent.

But it is a matter of controversy. The worst thing that can happen is, after we report a bill out, that we have the public and nonpublic schools fighting each other, because it is going to be tough getting this package through no matter what. But we can get it through and I have assurances on the other side of the Capitol Building that if we get it through with a sizable vote that it's going to be taken up by the Senate.

So I think it is extremely important that we work together not simply for our colleges, but for the future of this country and all of the kids in this country.

Dr. Hall.

Dr. HALL. May I comment on that, sir? I couldn't agree with you more and I ask for the chance to comment because I came to Pikeville College from Cornell University in upstate New York 9 years ago. I am familiar with what's going on—or at least what was going on 9 years ago and I understand has exacerbated now—in terms of the intense competition between the public and private sectors in New York State.

We are very fortunate in Kentucky in my judgment, with the enormously far-looking, forward-looking, cooperative attitude that exists between the public and private sectors. I have had extended discussions with Dr. Norfleet and we have very similar values in terms of what the ultimate role of higher education is, which is the delivery of quality education to the population, whether we be public or private, is very, very meaningful and substantive dialog that goes on between the public and private sectors in Kentucky. That's a real plus.

I couldn't agree with you more and I think that needs to be resolved before this thing becomes a final document. I certainly encourage that and am pleased to hear you say that.

Mr. SIMON. One other—and I appreciate your comments, Dr. Hall—on the block grant, somehow we are going to have to figure out a mechanism for a little greater assurance on that. Clearly, the schools want the flexibility and need the flexibility with the block grant. Your question, Mr. Chairman, was slightly in error in saying that you are pulling in the bulk of the other programs into the block grant. It's only three of the programs into the block grant.

But clearly, we are having too many students who fall through the cracks. You don't have the flexibility you need. This will give you the flexibility, but you are concerned, rightfully, with some kind of assurance that you are going to have the funds.

Let me just make—and unfortunately, time is a factor here—Mr. Frazer, I would be very much interested in, and I find your table intriguing, if you could run that same table on the current program—

Mr. FRAZER. We would be delighted to.

Mr. SIMON. And get that to me as rapidly as you can because we are on a fast track.

Dr. Norfleet is not here. He mentioned this shift to loans as being adverse to a lot of students. That's one of the aims of this whole thing is to balance this back again. A few years ago, Mr. Chairman, we were at 80-percent grants. We are now at 48 percent and the very fact that we are so loan dependent simply does discourage a lot of young people in eastern Kentucky and southern Illinois particularly from going on to school.

Dr. Hall, you mentioned the native Americans. We have a special tribally controlled bill and this bill extends that 2 additional years. So we are not leaving out the native American. I want you to know that.

Dr. HALL. I hope not. I don't happen to be one, but I know some good friends who are and I am very sensitive to the language in that particular section of title III.

Mr. SIMON. And your point on the distribution of scholarships is a good one and I hope, either through report language or in some way, we can take care of that because we don't want that avoided.

Dr. Jolly, I just want to make sure that you understand that the lumping of the College Work-Study and the Cooperative Programs—I think you were the one that mentioned this or maybe it was—I think it was Dr. Jolly——

Dr. JOLLY. Yes, sir.

Mr. SIMON [continuing]. The lumping of the College Work-Study and the Cooperative Programs, that's an administration proposal. That is not part of this bill. The administration and we tend to differ on a few things in the course of all of this.

We may very well have some more specific questions that we would like to get to all of you. I really appreciate your testifying here today. I appreciate the general support you are giving the bill. There's no question, if we can move ahead in this area, we are going to make a giant step forward for this country. We ought to be doing it and with your help I think we are going to be doing it.

Chairman PERKINS. Mr. Penny.

Mr. PENNY. Thank you, Mr. Chairman.

We have heard testimony in the last few weeks about the trend toward nontraditional students on campuses all across America and we defined that as older students who are coming to our institutions for the very first time; students who go out and work for a while, either because they want an advanced degree or need to change their emphasis and come back for schooling. But there seems to be an inadequacy in our current financial aid structure when it comes to responding to the financial aid needs of that pop-

ulation. Is there anything any of you can suggest to us as to how we can respond to the financial needs of that student group?

Dr. HALL. I would make a suggestion. This is off the top of my head, but one of the things that has impressed me as I have watched the incredible increase at our institution where we went from 4 percent nontraditional to 38 percent nontraditional during the 6-year period from 1978 to 1984. It's been an incredible increase that the Pell grant assistance makes it more difficult for the nontraditional, as it's currently written, because of the independent status and because of the dramatic fluctuations in employment opportunities down in our area. The coal industry is in a very, very—I think it's coming back, I am not sure; it depends on who you talk to—sad state of disrepair and when you refer to the prior year's earnings as one of the criteria of eligibility and all of a sudden you have a coal miner unemployed and he has been unemployed for 6 to 10 weeks, the wife may be forced to drop out of school, may not be eligible. There doesn't seem to be a time-sensitive responsiveness to some of the nontraditional students who need and, I feel, should be entitled to have a chance at some of the Pell grant and other types of assistance.

That's a quick response. That's a good question and I wish I had a better prepared answer for you, but that's my sense of its impact at Pikeville College.

Dr. JOLLY. I have never quite been totally sure of what nontraditional means. That's one of those real ambiguous terms that we just beat to death, but the move in this thing of having over 24 move into the independent will be a help in this direction. It will be a big help.

The other thing I would like to just emphasize is what President Hall said. I have in my office regularly where incomes have dropped from above $30,000 to zero overnight out of the coal industry and people are back trying to get some kind of training so they can again earn a livelihood. But our bureaucratic procedure on the Pell grant requires to report that income at $35,000 and it makes it very difficult to get these people into and enrolled in school when—now, there is a process where they can go back, but it's a hassle for them, it's a problem for them to get it done and especially to get it done on a timely basis and we wind up using up an awful lot of good scholarship money to help those people out when they really and truly should be Pell grant people.

Mr. BORDEN. If I might also respond very briefly, we process about 40,000 uniform methodology types of forms through our agency each year and wind up awarding about 15,000 of those students under the traditional program and my answer is very similar to Dr. Hall's. Until the Congress or the States are willing to redefine the method of calculating need and to appropriate money specifically for this type of individual, there is just not going to be enough money there or enough flexibility there within the current program structure to assist these individuals. We have had a lot of pressure from a lot of institutions and I talk to a lot of people who, I am convinced, have need for this kind of assistance and, generally, short-term types kinds of assistance. I think that's really a gap which we need to fill at the Federal level. I can't see any possibility of filling it at the State level at this point.

Mr. PENNY. I have no further questions.

Chairman PERKINS. Mr. Simon, any further questions?

Mr. SIMON. No; I do not.

Chairman PERKINS. Let me thank this distinguished panel from our great Commonwealth of Kentucky. Thank all of you.

Mr. SIMON. Are they from Kentucky, Mr. Chairman? I wasn't aware of that.

Dr. JOLLY. Thank you for the invitation.

Chairman PERKINS. You have been very helpful to us.

[Whereupon, at 12:03 p.m., on April 10, 1984, the subcommittee was adjourned.]

[Material submitted for inclusion in the record follows:]

OPENING STATEMENT OF HON. PAUL SIMON, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF ILLINOIS AND CHAIRMAN, SUBCOMMITTEE ON POSTSECONDARY EDUCATION

I am pleased to join my colleague, the distinguished Chairman of the Committee on Education and Labor, in welcoming out witnesses today from the great state of Kentucky. The witnesses this morning will add to the growing body of knowledge on the basic policy issues we face in reauthorizing the Higher Education Act.

Over the past two weeks the Subcommittee has heard testimony here in Washington, in St. Louis, in New York City, in Winona, Minnesota and in Eau Claire, Wisconsin. We have gathered the views and recommendations of a wide spectrum of people in the higher education community. I am certain that our witnesses will add to our understanding of the impact of the changes proposed in H.R. 5240, the Higher Education Act Amendments of 1984, on students and postsecondary institutions in Kentucky.

I want to especially call attention to one of our witnesses here today. Dr. Walter Blevins, a member of the Kentucky General Assembly and a practicing dentist, is an outstanding example of the good we do here in Congress when we enact and properly fund the Student Aid and TRIO programs. Here is a young man who has overcome the barriers of life, has succeeded personally and professionally, and now is returning some part of the benefits he has received by serving his community and serving his state as a legislator. Dr. Blevins was recently recognized as an "outstanding TRIO alumnus" by the National Council of Educational Opportunity Associations. This deserving tribute is only one of many public commendations he has received. I welcome you here this morning, Dr. Blevins, and look forward to hearing your testimony, as well as that of the other witnesses.

COUNCIL OF INDEPENDENT KENTUCKY COLLEGES AND UNIVERSITIES,
Danville, KY, April 14, 1984.

Hon. PAUL SIMON,
U.S. Congress, 227 Cannon House Office Building, Washington, DC,

DEAR CONGRESSMAN SIMON: Thank you very much for the courtesy you afforded my Kentucky colleagues and me on April 10. I apologize for not having acknowledged your interest earlier, but our Spring meeting was scheduled for April 11-12 and I was out of the office on those days.

As per your request I have developed a table showing the impact of your proposals on our Kentucky institutions. Please be assured that I share your concern that we enhance access. It is a necessity for the nation and will in the long run be very beneficial to the students and to higher education as well. However, as interested as I am in the entire educational fabric I am genuinely concerned about the impact that your proposals will have on the independent sector institutions. As you well know, they are currently fighting tuition disparities of as much as 4½ to 1 as they compete with public sector institutions for students. Obviously this discrepancy arises because of the differential ways of funding the institutions. However, notwithstanding that difference, in Kentucky at any rate, several interesting facts emerge.

First, the cost of education in both the public and private sectors is almost exactly the same. It is the price that is different. Second, the diversity of the independent sector has done much to enrich and enhance the educational capability of this commonwealth. For instance with only 15% of the students we are currently granting 20% of the degrees and I think it is particularly instructive to note that in certain of the discipline areas most critical to this commonwealth's development and to the nation's development we are producing upwards of 50% in some areas. For example:

	Percent
General Biology	31
General Business and Commerce	44
Foreign Languages, Total	34
General English	39
Mathematics, Total	34
General Physics	28
General Chemistry	36
Economics	62
History	33
Psychology	32
Sociology	33

Third, in Kentucky, as I indicated during the course of my testimony, with only 15% of the students 26% of the students with family incomes of less than $12,000 filed FAFs to attend our institutions. The enrollment figures for the year are not yet complete but our investigations into the enrollments within our colleges bears out the fact that we are meeting the needs of many of these students. I think this phenomena occurs because of the size and concern of these institutions to see young people develop their fullest capability. In fact many of these young people simply would not attend the large, relatively impersonal institutions. Also as I indicated during the course of our conversations with you in Washington our research, as well as that which is done nationally, indicates that being residential on the campus materially improves the possibility of completing the program as does individual responsibility. By individual responsibility I mean at this point the capacity to work and to have some stake in the educational outcome by borrowing as well. What all of this says to me is that while we might enhance access by working only with the low priced institutions I think that we would seriously jeopardize the ultimate capability of this system to deliver higher educational services to the states and to the nation.

I also must admit that I am concerned that if virtually all of the student costs in the low priced public institutions is taken care of by federal programs the incentive for the states to continue to work with those institutions will be diminished. Not only does the possibility of erosion occur within the block grant component you have suggested within 5240 but I think there are also disincentives to continue state involvement in grant programs.

I have not had time to develop this proposal to its fullest but I cannot help but wonder if using the $3,000 maximum that you have suggested it might not be feasible to break the tuition and fees costs and the general expenses into two components with the 75% figure applying to the tuition and fees component and a 50% figure applying to the expenses component. It seems to me that such an arrangement would recognize the tuition differential and yet still leave considerable room for individual student responsibility and for state concern. If, for instance, the tuition and fees component of the Pell Grant were $1,800 and the expenses component were $1,200 it would mean that a student with maximum need using the percentages I quoted above would be eligible for Pell Grant assistance with a tuition level up to $2,400 and an expense level up to $2,400. This would most certainly deal adequately with the access component that you are concerned about and it would begin to address the choice component, especially if some guarantees could be built into the funding mechanism to assure the continuation of additional funds in programs like the SEOG, College Work-Study, and NDSL.

As indicated to you earlier I deeply appreciate your concern and interest, I commend you for the monumental task that you have undertaken, and I apologize in some ways that our testimony was directed to the money side of the equation and the devices which have developed to direct that flow. In some ways it seems like being a dog in a manger but as you recognize I am concerned about the health and vitality of the non-tax supported education delivery system in this nation and I feel it is incumbent upon public policy to recognize that diversity and to do everything

possible to maintain and strengthen it. I did particularly appreciate your aside to me after the meeting that you would do everything within your power to affect a reasonable compromise between the two sectors because our objectives are both public service. Unfortunately the differences in funding mechanisms do create some serious problems for the survival of the independent sector.

With every best wish, I remain

Sincerely yours,

JOHN W. FRAZER,
Executive Director.

The Impact of Proposed Changes in Pell Grant Calculation upon Kentucky Colleges and Universities, Based on Current Fee Values

(75% of Tuition & Fees, $2000 Maximum Maintenance, $3000 Maximum Grant)

Institution	Tuition & Fees	Room & Board	Books & Supplies	Personal	Transport	Other	Total	T&F % of Tot	Exp Other Than T&F % of Tot	Allowed Maint	Proposed Maximum Pell Grant $	Proposed Maximum Pell Grant % of Tot
Alice Lloyd	2265	1550	150	340	90	0	4395	51.08	48.92	2000	3000	68.26
Asbury	3615	2285	330	570	450	0	7170	50.42	49.58	2000	3000	41.84
Ashland Comm Coll	414	1150	250	0	500	0	2314	17.89	82.11	1900	2211	95.53
Bellarmine	3600	1100	300	500	500	0	6000	60.00	40.00	2000	3000	50.00
Berea	5600	1692	250	460	0	120	8130	68.88	31.12	2000	3000	36.90
Brescia	3000	1795	225	500	200	0	5600	53.17	46.83	2000	3000	51.85
Campbellsville	2880	2100	200	575	225	0	6060	47.52	52.48	2000	3000	49.50
Centre	5960	2500	250	500	160	0	9370	63.61	36.39	2000	3000	32.02
Cumberland	2380	1576	250	500	250	0	4956	48.02	51.98	2000	3000	60.53
Eastern Kentucky	846	1946	230	500	100	0	3622	23.36	76.64	2000	2635	72.74
Elizabethtown C C	414	1150	250	0	500	0	2314	17.89	82.11	1900	2211	95.53
Georgetown	3632	2360	250	450	0	0	6692	54.27	45.73	2000	3000	44.83
Hazard Comm Coll	414	1150	250	0	500	0	2314	17.89	82.11	1900	2211	95.53
Henderson Comm Col	414	1150	250	0	500	0	2314	17.89	82.11	1900	2211	95.53
Hopkinsville C C	414	1150	250	0	500	0	2314	17.89	82.11	1900	2211	95.53
Jefferson Comm Col	414	1150	250	0	500	0	2314	17.89	82.11	1900	2211	95.53
Kentucky State	826	1770	300	600	150	0	3646	22.65	77.35	2000	2620	71.85
Kentucky Wesleyan	3770	1970	250	200	0	0	6190	60.90	39.10	2000	3000	48.47
Lees	2400	1754	200	350	200	0	4904	48.94	51.06	2000	3000	61.17
Lexington Tech Inst	1018	2318	250	575	500	0	4661	21.84	78.16	2000	2764	59.29
Lindsey Wilson	2740	2200	230	520	90	0	5860	46.69	53.31	2000	3000	51.12
Madisonville C C	414	1150	250	0	500	0	2314	17.89	82.11	1900	2211	95.53
Maysville Comm Col	414	1150	250	0	500	0	2314	17.89	82.11	1900	2211	95.53
Midway	3030	2300	300	500	320	0	6450	46.98	53.02	2000	3000	46.51
Morehead State	816	1960	250	574	100	0	3600	22.67	77.33	2000	2612	72.56
Murray State	836	1570	270	600	344	0	3620	23.09	76.91	2000	2627	72.57
Northern Kentucky	816	1100	150	500	0	700	3266	24.98	75.02	2000	2612	79.98
Paducah Comm Coll	414	1150	250	0	500	0	2314	17.89	82.11	1900	2211	95.53
Pikeville	2994	1945	250	400	400	0	5989	49.99	50.01	2000	3000	50.09
Prestonsburg C C	414	1150	250	0	500	0	2314	17.89	82.11	1900	2211	95.53
St Catharine	2400	1850	275	625	0	0	5150	46.60	53.40	2000	3000	58.25
Somerset Comm Coll	414	1150	250	0	500	0	2314	17.89	82.11	1900	2211	95.53
Southeast Comm Col	414	1150	250	0	500	0	2314	17.89	82.11	1900	2211	95.53
Spalding	3510	2150	225	640	0	0	6525	53.79	46.21	2000	3000	45.98
Sue Bennett	1615	1450	200	400	0	0	3665	44.07	55.93	2000	3000	81.86
Thomas More	4000	2400	0	0	0	0	6400	62.50	37.50	2000	3000	46.88
Transylvania	5700	2450	250	500	50	0	8950	63.69	36.31	2000	3000	33.52
Union	3950	1900	200	400	0	0	6450	61.24	38.76	2000	3000	46.51
Univ of Kentucky	1018	2318	250	550	0	0	4136	24.61	75.39	2000	2764	66.82
Univ of Louisville	999	1932	200	375	236	0	3830	26.08	73.92	2000	2749	71.78
Western Kentucky	846	2174	250	450	100	0	3900	21.69	78.31	2000	2635	67.55

Source: 'Getting In', Information Publication of the Kentucky Higher Education Assistance Authority

HEARINGS ON THE REAUTHORIZATION OF THE HIGHER EDUCATION ACT

WEDNESDAY, APRIL 11, 1984

HOUSE OF REPRESENTATIVES,
COMMITTEE ON EDUCATION AND LABOR,
SUBCOMMITTEE ON POSTSECONDARY EDUCATION,
Washington, DC.

The subcommittee met, pursuant to call, at 9:30 a.m., in room 2257, Rayburn House Office Building, Hon. Paul Simon (chairman of the subcommittee) presiding.

Members present: Representatives Simon, Penny, and Gunderson.

Staff present: William A. Blakey, staff director; Laurie Westley, assistant counsel; and John Dean, Republican assistant counsel.

Mr. SIMON. The subcommittee will come to order.

Today we are continuing our hearings on the reauthorization of the Higher Education Act. Our witness today is Rudolph G. Penner, Director, Congressional Budget Office. Mr. Penner, we are pleased to have you here.

STATEMENT OF RUDOLPH G. PENNER, DIRECTOR, CONGRESSIONAL BUDGET OFFICE, ACCOMPANIED BY MAUREEN McLAUGHLIN AND ERIC HANUSHEK

Mr. PENNER. Thank you, Mr. Simon.

Mr. Chairman, the Federal Government plays a large role in helping finance the education of postsecondary students. Student assistance programs—expected to cost more than $8 billion in fiscal year 1984—have grown sharply over most of the past 15 years, and their focus has changed. The subcommittee now has before it two major proposals that would further alter student aid programs—the administration's fiscal year 1985 proposal and the chairman's reauthorization proposal.

My remarks today will cover three topics: First, the goals of student assistance efforts and issues to consider in designing aid; current Federal programs; and the two proposals before the subcommittee, as well as other options available to the Congress.

First, policy goals and issues. Several goals motivate the Federal Government to help defray the costs of higher education. One objective is to increase the overall level of educational attainment. While many gains from higher education accrue to the students themselves other benefits are realized by society at large through resulting from a better trained work force, and through a richer cultural life resulting from a better educated population. Another

major goal with student aid is to promote greater equality of opportunity by improving access to postsecondary education for lower income persons who might not otherwise be able to continue their schooling. A related objective is to broaden the choice of institutions for all students by allowing them to attend more costly schools than they otherwise could. Finally, student assistance may serve as a means to support a greater diversity of institutions—promoting, for example, specialized or especially expensive schools that might not otherwise be able to attract sufficient numbers of students at the costs that have to be charged.

Three main issues face the Congress in designing and funding student assistance programs to address these goals—who should pay, who should benefit and who should allocate aid.

The first issue is what share of educational costs students and their families should bear and what share government should pay. The answer to this question depends on views concerning several factors—the degree of societal gains resulting from higher education, the value of education compared to competing demands for scarce Federal resources and the effectiveness of these programs in meeting their objectives. A related question is what portion of costs borne by government should be paid at the Federal level and what portion should be paid by States and their subdivisions.

A second issue is which students the Federal Government should help. That is, how to allocate whatever assistance is available. A major question concerns the extent to which Federal aid should be focused on the lowest income students and the extent to which programs should also consider educational costs.

For any fixed amount of aid, focusing on the lowest income students could enable more of them to continue their education, but might limit their choice of institutions to those with lower costs. Taking greater account of educational costs could expand students' choices by giving more aid to those attending high cost schools, but would necessarily divert some of the aid from students attending less costly institutions.

A related question concerns barriers to attending high-cost schools, particularly for higher income students—barriers that arise not because they and their families cannot afford their educational costs, but because they cannot finance them in the private lending market.

To the extent that this is the case, the Federal Government could meet this need by encouraging an active private market in educational loans.

A third broad issue is the extent to which Federal aid programs should treat similar students uniformly. The greater the proportion of aid that is distributed among students using uniform Federal rules, the more similar will be the treatment of similar students, potentially targeting aid more narrowly on the lowest income students. Colleges and universities would have less discretion, however, to deal with special circumstances not reflected in Federal aid formulas.

Mr. Chairman, the next two pages of my testimony simply described current programs. I don't think I'll need do that.

Mr. SIMON. Your full statement will be entered in the record.

[Prepared statement of Rudolph G. Penner follows:]

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PREPARED STATEMENT OF RUDOLPH G. PENNER, DIRECTOR, CONGRESSIONAL BUDGET OFFICE

Mr. Chairman, the federal government plays a large role in helping finance the education of postsecondary students. Student assistance programs—expected to cost more than $8 billion in fiscal year 1984—have grown sharply over most of the past 15 years, and their focus has changed. The Subcommittee now has before it two major proposals that would further alter student aid programs—the Administration's fiscal year 1985 proposal and the Chairman's reauthorization proposal (H.R. 5240).

My remarks today will cover three topics: The goals of student assistance efforts and issues to consider in designing aid; current federal programs; and the two proposals before the Subcommittee, as well as other options available to the Congress.

POLICY GOALS AND ISSUES

Goals

Several goals motivate the federal government to help defray the costs of higher education. One objective is to increase the overall level of educational attainment. While many gains from higher education accrue to the students themselves, other benefits are realized by society at large through increased productivity resulting from a better-trained workforce, and through a richer cultural life resulting from a better-educated population. Another major goal of student aid is to promote greater equality of opportunity by improving access to postsecondary education for lower-income persons who might not otherwise be able to continue their schooling. A related objective is to broaden the choice of institutions for all students by allowing them to attend more costly schools than they otherwise could. Finally, student assistance may serve as a means to support a greater diversity of institutions—promoting, for example, specialized or especially expensive schools that might not otherwise be able to attract sufficient numbers of students at the costs that would have to be charged.

Issues

Three main issues face the Congress in designing and funding student assistance programs to address these goals: who should pay, who should benefit, and who should allocate aid.

The first issue is what share of educational costs students and their families should bear, and what share government should pay. The answer to this question depends on views concerning several factors—the degree of societal gains resulting from higher education, the value of education compared to competing demands for scarce federal resources, and the effectiveness of these programs in meeting their objectives. A related question is what portion of costs borne by government should be paid at the federal level and what portion should be paid by states and their subdivisions.

A second issue is which students the federal government should help—that is, how to allocate whatever assistance is available. A major question concerns the extent to which federal aid should be focused on the lowest-income students, and the extent to which programs should also consider educational costs. For any fixed amount of aid, focusing on the lowest-income students could enable more of them to continue their educations but might limit their choice of institutions to those with lower costs. Taking greater account of educational costs could expand students' choices by giving more aid to those attending high-cost schools but would necessarily divert some aid from students attending less costly institutions. A related question concerns barriers to attending high-cost schools—particularly for higher-income students—that arise not because they and their families cannot afford their educational costs, but because they cannot finance them in private lending markets. To the extent that this is the case, the federal government could meet this need by encouraging an active private market in educational loans.

A third broad issue is the extent to which federal aid programs should treat similar students uniformly. The greater the proportion of aid that is distributed among students using uniform federal rules, the more similar will be the treatment of similar students—potentially targeting aid more narrowly on the lowesst-income students. Colleges and universities would then have less discretion, however, to deal with special circumstances not reflected in federal aid formulas.

CURRENT FEDERAL PROGRAMS AND RECENT TRENDS

Current programs

The federal government currently helps finance the education of about 40 percent of all postsecondary students through grants, work-study aid, and direct and guaranteed loans. The largest grant program—Pell Grants—provides aid directly for low-income students through a federal formula that is somewhat sensitive to school costs. Two other grants—Supplemental Educational Opportunity Grants (SEOGs) and State Student Incentive Grants (SSIGs)—distribute funds to schools and states, respectively, which then allocate the money among students. Overall, these two programs are less heavily targeted on the lowest-income students than are Pell Grants.[1] The College Work-Study program offers a different type of aid, paying 80 percent of studens' wages in jobs on campus and in nonprofit institutions, thereby providing jobs that perhaps might not otherwise exist. Although this aid is income-tested, schools have fairly broad discretion in allocating the assistance, and they do not necessarily target it heavily on the lowest-income students.

Through the Guaranteed Student Loan (GSL) program, the federal government guarantees the principal and pays a share of the interest on privately financed loans for all students with family incomes below $30,000 who choose to borrow, and for higher-income students who satisfy a needs analysis that considers income in comparison to school costs and other available aid. Through the National Direct Student Loan (NDSL) program, the federal government provides funds that schools use to make reduced-interest loans. The Auxiliary Loans to Assist Students (ALAS) program provides loans with substantially smaller subsidies to independent students and parents of dependent students who either are ineligible for GSLs or have borrowed the maximum amounts. These programs allow some students to qualify for loans they might not otherwise be able to get and reduce the long-run interest costs of all borrowers.[2] The loan programs serve, on average, higher-income students and provide a greater proportion of assistance to students at more expensive colleges and universities than do the grant programs.

Recent trends

Postsecondary student assistance programs grew substantially during the 1970's and, despite recent reductions, remain at levels well above those at the beginning of the last decade (see Table 1). Between 1970 and 1984, outlays for all forms of aid increased more than fourfold, but the emphasis has shifted over time. The share of aid provided through loans rather than grants has increased, the proportion distributed under uniform federal rules has grown, and the percent provided to students at more expensive schools has risen.

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[1] Other grant programs—veterans' educationand Social Security student benefits—support aid for specific groups of students. These program are outside the jurisdiction of this Subcommittee and are not considered at length in the statement.

[2] Because loans must eventually be repaid, they are less valuable to students—and less costly to the government—than outright grants of the same size. In the case of reduced-interst loans for students who would otherwise have borrowed at the full-market rate, the value of the subsidy is equal to the difference between the payments that would have been made on a market-rate loan and the payments made at the reduced rate of interest. Because the interest subsidy is realized over a period of many years, it must be expressed in present-value terms—that is, the value today of benefits realized in the future—to be comparable with the direct subsidy figures under grant programs in which all the benefits are realized immediately. When federal loan costs are also spread over many years, those costs also must be expressed in present-value terms to be comparable with grant outlays. For GSLs expected to be provided in 1984, for example, the presnet value of the subsidy is estimated to range between $450 and $550 per $1,000 loan, depending on the assumptions made about the market rate available to students in the absence of federal aid. The federal cost in present-value terms of GSLs is estimated to be about $400 per $1,000 loan—less than the subsidy because the government can borrow at a lower rate of interest than can students. The federal subsidy for the ALAS program is lower, and for the NDSL program is higher, than for the GSL program.

TABLE 1.—FEDERAL POSTSECONDARY STUDENT AID

[By fiscal year, in billions of dollars]

	1970	1978	1981	1984 (estimate)
Outlays:				
Grants:				
Pell grants		4.6	2.5	2.5
SEOG's	0.2	.3	.4	.3
SSIG's		(1)	.1	.1
Veterans' education benefits	.8	2.8	1.9	1.2
Social security student benefits	.4	1.4	2.0	.4
Subtotal	1.4	6.1	6.8	4.5
Work-study aid	.2	.4	.6	.6
Loans:				
GSL's [2]	.1	.5	2.5	3.0
NDSL's	.2	.1	.3	.2
Subtotal	.3	.6	2.8	3.2
Total	1.9	7.1	10.2	8.3
Loan volume:				
GSL's [2]	.8	2.0	7.8	7.1
NDSL's [3]	.3	.4	.7	.7
Total	1.1	2.4	8.5	7.8

[1] Less than $50 million.

[2] Includes the ALAS program in fiscal years 1981 and 1984.

[3] Loan volume from the new Federal capital contribution and repayments of previous Federal contributions. Does not include institutional matching funds.

Note: Details may not add to totals due to rounding.

The extent to which this increase in federal aid has improved the access of students to postsecondary education or expanded their choice of schools is difficult to assess. Although there is some evidence to suggest that increased aid has raised the probability that low-income persons will further their educations, these students are still much less likely than higher-income ones to continue their schooling. To the extent that federal student aid has enabled institutions to raise tuitions—using the proceeds for program enrichment or salary increases, for example—it may have improved the quality of schools or shifted the benefits to groups other than students receiving federal financial aid, while increasing educational costs. Finally, the growth of GSL volume, in particular, has probably enabled some private institutions to attract students in a period of slow growth in the college-age population and thereby assisted the maintenance of a broader variety of educational alternatives.

OPTIONS

The two major student aid proposals now before the Congress would address program design and funding issues differently. The Administration's proposal would reduce the amount of educational costs paid by the federal government, while focusing available aid on students at more expensive schools and attempting to protect the lowest-income students from cutbacks. H.R. 5240, on the other hand, would increase the share of all educational costs borne by the federal government, providing more aid to many students, not just the lowest-income ones. Both proposals would treat similar students somewhat more uniformly than do current programs by increasing the portion of federal aid allocated by federal rules.

The administration's proposal

The Administration's 1985 proposal for postsecondary student aid would reduce the overall share of educational costs subsidized by the federal government by reducing both grants and loan volume while increasing work-study aid. In total, the Administration's funding request would reduce grants by $700 million and loan volume by $1.1 billion and would increase work-study aid by almost $300 million, compared to continuing current policies (see Table 2).

TABLE 2.—FEDERAL POSTSECONDARY STUDENT AID IN FISCAL YEAR 1985 UNDER ADMINISTRATION AND H.R. 5240 PROPOSALS

[In billions of dollars]

	Current baseline estimate	Administration's proposal [1]: With requested Pell funding level	Administration's proposal [1]: With CBO estimate of cost to fund Pell grants	Estimate of H.R. 5240 [2]
Budget authority:				
Grants:				
Pell grants	3.0	2.8	3.7	6.1
SEOG's	.4			[3] .6
SSIG's	.1			
Subtotal	3.5	2.8	3.7	6.7
Work-study aid	.6	.9	.9	.6
Loans:				
GSL's [4]	3.0	2.8	2.8	3.2
NDSL's	.2			[3] .2
Subtotal	3.2	2.8	2.8	3.4
Total	7.3	6.5	7.4	10.7
Loan volume:				
GSL's [4]	7.5	6.6	6.6	7.0
NDSL's [5]	.7	.5	.5	.7
Total	8.2	7.1	7.1	7.7

[1] Includes CBO estimate for GSL program.
[2] H.R. 5240 would not be fully implemented until fiscal year 1987. Effects are shown as if it were fully effective in 1985 in order to make it comparable to the administration's proposal.
[3] H.R. 5240 includes one campus-based program for grants and loans to replace the SEOG, SSIG, and NDSL programs. These estimates assume the same proportions spent on grants and loans as in the programs being replaced.
[4] Includes the ALAS program.
[5] Loan volume from the new Federal capital contribution and repayments of previous Federal contributions. Does not include institutional matching funds.

Source: CBO estimates.

With respect to Pell Grants, the Administration proposes to increase the maximum award from $1,900 to $3,000 and make amounts awarded more sensitve to school costs. While the Administration has requested $2.8 billion to fund this proposal in 1985, the Congressional Budget Office (CBO) estimates that providing awards to all eligible students who would apply would cost 30 percent more, or $3.7 billion. Under current law, if projected Pell Grant costs exceed the appropriation, students' awards must be reduced unless additional funds are appropriated. Because we do not know how the Administration or the Congress would deal with a funding shortfall, it is difficult to determine the overall effects of this proposal on different types of students. If sufficient funds were appropriated so that full grants could be provided to all eligible applicants, students at high-cost schools would generally receive larger awards than now; students at low- and medium-cost schools would get larger awards only if they were in the lowest-income group.

For the GSL program, the administration's proposal would extend needs analysis to all borrowers and would require that all state agencies, which guarantee loans that are reinsured by the federal government, bear some risk in the case of defaults. The universal needs analysis would eliminate or reduce loans for many students—especially for persons financially independent of their parents, who would be expected to devote a large share of their discretionary income towards their own education, and for students attending lower-cost schools. Sharing default risks with the states would lower eventual federal costs. In all, we estimate that the Administration's GSL proposal would require $2.8 billion in budget authority in 1985—about 8 percent less than continuing current policies.

Finally, the Administration proposes to eliminate SEOGs and SSIGs and additional capital contributions for NDSLs, while increasing funding for work-study aid by almost $300 million. Eliminating the SEOG and SIG programs and sharply curtailing NDSL lending would reduce aid for students now benefiting from these pro-

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grams, but some of these reductions could be made up through increased funding for the work-study program and through Pell Grants if the Administration's proposal were funded at its full costs. In any event, the new system would treat students more uniformly, while leaving schools to allocate only work-study funds and NDSL repayments.

H.R. 5240

In contrast to the Administration's proposal, H.R. 5240 would sharply increase the share of school costs subsidized through federal aid by greatly increasing grants, while keeping work-study funding level and slightly reducing loan volume.[3] It would increase funding for grants by $3.2 billion, keep work-study aid roughly the same, and reduce loan volume by $500 million in 1985, compared to continuing current policies (see Table 2). Moreover, because H.R. 5240 would change the Pell Grant program from am appropriated program to an entitlement, future costs would be more difficult to control.

H.R. 5240 would increase the maximum Pell Grant award to $3,000 and would raise the maximum portion of school costs that could be covered by grants. CBO estimates that this proposal would cost about $6.1 billion in fiscal year 1985—twice the amount necessary to continue current Pell Grant policies. Under the entitlement approach, about 1 million more students would receive Pell Grants than do now, and most current recipients would get significant larger awards. Students at low-cost schools would benefit more than under either the Administration's proposal or current policies because a higher proportion of school costs would be met by Pell Grants. In addition, graduate students, who are now ineligible, could receive Pell Grants during the first year of graduate study.

Like the Administration's proposal, H.R. 5240 would require a needs analysis for all GSL borrowers; however, H.R. 5240 would also raise the annual loan limits from $2,500 to $3,000 for undergraduates and from $5,000 to $7,000 for graduate students. In addition, the Chairman's proposal would eliminate a 5 percent loan origination fee that was instituted in 1981. The universal needs analysis would make some students ineligible or reduce the amounts they could borrow; this would be especially true for those at low-cost schools and for some who are independent of their parents. On the other hand, the higher loan limits would increase aid available to other students, particularly those attending more expensive institutions. Eliminating the loan origination fee would reduce all borrower's net costs.

In addition, H.R. 5240 would reduce the interest rate paid to GSL lenders by one-half percentage point while students are in school. This would lower federal spending by about $60 million a year without affecting students' costs. Although this change could affect loan availability, it seems unlikely. In total, H.R. 5240 would increase federal funding requirements for GSLs to $3.2 billion in 1985—about 6 percent above the current-policy level.

H.R. 5240 would fund campus-based grants and loans (replacing SEOGs, SSIGs, and NDSLs) through one slightly expanded program, while continuing funding for work-study aid. This would give school officials more aid to allocate at their discretion than now, although a higher proportion of aid would be determined by federal rules because the Pell Grant program would grow even more quickly than the campus-based programs.

Other alternatives

Other options are, of course, available to the Congress. First, marginal changes could be made in existing programs, for example, by restructuring parental contribution schedules or by raising the share of interest paid by students under the GSL program.

Alternatively, the Congress could fundamentally restructure student assistance. At present, each aid program tries to serve several of the higher education goals described above, possibly reducing the system's overall effectiveness. Instead of continuing the current system, the Congress could consider an explicit three-tier approach. All grant aid could be targeted to the lowest-income students, thus providing larger awards for them; subsidized loans could be provided for both low-income students and somewhat higher-income students; and unsubsidized—or substantially less subsidized—loans could be made available to all students who chose to use them. This could reduce the burden borne by low-income students, while making it easier for all students to attend higher-cost schools, although many of them would

[3] This analysis is based on CBO's understanding of H.R. 5240 to date as specified by Subcommittee staff. Although H.R. 5240 would not be fully implemented until fiscal year 1987, the effects are shown in fiscal year 1985 in order to compare it to the Administration's proposal.

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have substantial debts when they graduated. Under such a scheme, all aid would be allocated through uniform federal rules, and higher education institutions would have much less discretion in tailoring financial aid packages.

Mr. PENNER. Thank you, sir.

Postsecondary student assistance programs grew substantially during the 1970's and despite recent reductions remain at levels well above those at the beginning of the last decade. That's shown in table I. Between 1970 and 1984, outlays for all forms of aid increased more than fourfold, but the emphasis has shifted over time.

The share of aid provided through loans rather than grants has increased, the proportion distributed under uniform Federal rules has grown, and the percent provided to students at more expensive schools has risen. The extent to which this increase in Federal aid has improved the access of students to postsecondary education or expanded their choices of schools is difficult to assess. Although there is some evidence to suggest that increased aid has raised the probability that low-income persons will further their educations, these students are still very much less likely than higher income ones to continue their schooling.

To the extent that Federal student aid has enabled institutions to raise tuitions using the proceeds for program enrichment or salary increases for example, it may have improved the quality of schools or shifted the benefits to groups other than the students directly receiving financial aid while increasing educational costs.

Finally, the growth of GSL volume in particular has probably enabled some private institutions to attract students in a period of slow growth in the college-age population and thereby assisted the maintenance of a broader variety of educational alternatives.

Turning to the options, the two major student aid proposals now before the Congress would address program design and funding issues differently. The administration's proposal would reduce the amount of educational costs paid by the Federal Government while focusing available aid on students at more expensive schools and attempting to protect the lowest income students from cutbacks.

H.R. 5240, on the other hand, would increase the share of all educational costs borne by the Federal Government providing more aid to many students not just the lowest income ones. Both proposals would treat similar students somewhat more uniformly than do current programs by increasing the proportion of Federal aid allocated by Federal rules.

The administration's 1985 proposal for postsecondary student aid would reduce the overall share of educational costs subsidized by the Federal Government by reducing both grants and loan volume while increasing work-study aid. In total, the administration's funding request would reduce grants by $700 million and loan volume by $1.1 billion and would increase work-study aid by almost $300 million compared to continuing current policies. That's shown in table II.

With respect to Pell grants, the administration proposes to increase the maximum award from $1,900 to $3,000 and make amounts awarded more sensitive to school costs. While the administration has requested $2.8 billion to fund this proposal in 1985, the CBO estimates that providing awards to all eligible students who apply would cost 30 percent more or $3.7 billion.

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Under current law, if projected Pell grant costs exceed the appropriation, student awards must be reduced unless additional funds are appropriate. Because we do not know how the administration or the Congress would deal with the funding shortfall, it is difficult to determine the overall effects of this proposal on different types of students.

If sufficient funds were appropriated so that full grants could be provided to all eligible applicants, students at high-cost schools would generally receive larger awards than now. Students at low- and medium-cost schools would get larger awards only if they were in the lowest income group.

For the GSL program, the administration's proposal would extend needs analysis to all borrowers and would require that all State agencies which guaranteed loans that are reinsured by the Federal Government bear some risk in the case of defaults. The universal needs analysis would eliminate or reduce loans for many students, especially for persons financially independent of their parents who would be expected to devote a large share of their discretionary income toward their own education and poor students attending lower cost schools. Sharing default risks with the States would eventually lower Federal costs.

In all, we estimate that the administration's GSL proposal would require $2.8 billion in budget authority in 1985, 8 percent less than continuing current policy.

Finally the administration proposes to eliminate SEOG's and SSIG's and additional capital contributions for NDSL's while increasing funding for work-study aid by almost $300 million. Eliminating the SEOG and the SSIG programs and sharply curtailing NDSL lending would reduce aid for students now benefiting from these programs, but some of these reductions could be made up through increased funding for the work-study program and through Pell grants if the administration's proposal were funded at its full cost.

In any event, the new system would treat students more uniformly while leaving schools to allocate only work-study funds and NDSL repayments.

In contrast to the administration's proposal, H.R. 5240 would sharply increase the share of school costs subsidized through Federal aid by greatly increasing grants while keeping the work-study funding level and slightly reducing loan volume. It would increase funding for grants by $3.2 billion, keep work-study aid roughly the same and reduce loan volume by $500 million in 1985 compared to continuing current policy.

Moreover, because H.R. 5240 would change the Pell grant program from an appropriated program to an entitlement, future costs would be more difficult to control. H.R. 5240 would increase the maximum Pell grant award to $3,000 and would raise the maximum portion of school costs that could be covered by grants. CBO estimates that this proposal would cost about $6.1 billion in fiscal 1985, twice the amount necessary to continue the current Pell grant policies.

Under the entitlement approach about 1 million more students would receive Pell grants than do now and most current recipients would get significantly larger awards. Students at low-cost schools

would benefit more than either under the administration's proposal or current policies because a higher proportion of school costs would be met by Pell grants.

In addition, graduate students who are now ineligible could receive Pell grants during the first year of graduate study.

Like the administration's proposals, H.R. 5240 would require a needs analysis for all GSL borrowers. However H.R. 5240 would also raise the annual loan limits from $2,500 to $3,000 for undergraduates and from $5,000 to $7,000 for graduate students. In addition, the chairman's proposal would eliminate a 5-percent loan or elimination fee that was instituted in 1981. The universal needs analysis would make some students ineligible or reduce the amounts they could borrow. This would be especially true for those at low-cost schools and for some who are independent of their parents.

On the other hand, the higher loan limits would increase aid available to other students, particularly those attending more expensive institutions. Eliminating the loan origination fee would reduce all borrowers' net costs. In addition, H.R. 5240 would reduce the interest rate paid to GSL lenders by one-half of a percentage point while students are in school. This would lower Federal spending by about $60 million a year without affecting student costs. Although this change could affect loan availability, it seems unlikely. In total, H.R. 5240 would increase Federal funding requirements for GSL's to $3.2 billion in 1985, about 6 percent above the current policy level.

H.R. 5240 would fund campus-based grants and loans replacing the current programs or with one slightly expanded program while continuing funding for work-study aid. This would give school officials more aid to allocate at their discretion than now, although a higher proportion of aid would be determined by Federal rules because the Pell Grant Program would grow even more quickly than the campus-based program.

Other options, of course, are available to the Congress. First, marginal changes could be made in existing programs, for example, by restructuring parental contributions schedules or by raising the share of interest paid by students under the GSL program. Alternatively, the Congress could fundamentally restructure student assistance. At present, each aid program tries to serve several of the higher education goals described above possibly reducing the system's overall effectiveness. Instead of continuing the current system, the Congress could consider an explicit three-tier approach: All grant aid could be targeted to the lowest income students, thus providing larger awards for them; subsidized loans could be provided for both low-income students and somewhat higher income students and; unsubsidized or substantially less-subsidized loans could be made available to all students who choose to use them.

This could reduce the burden borne by low-income students while making it easier for all students to attend higher cost schools, although many of them would have substantial debts when they graduated. Under such a scheme, all aid would be allocated for uniform Federal rules and higher education institutions would have much less discretion in tailoring packages. Thank you very much, Mr. Chairman.

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Mr. SIMON. Thank you very much.

By way of general background, let me just insert in the record at this point the college board study which shows that for the academic year 1980-81, the total Federal assistance—and that includes Social Security, veterans and all of the other programs, not simply the ones we are talking about here—the total was $19.4 billion. The total for the 1983-84 school year is $15.4 billion from the Federal Government.

When we talk about $100 on Pell, are we still talking about roughly $100 million?

Mr. PENNER. I am sorry, sir.

Mr. SIMON. When you talk about an increment of $100 in the Pell Grant Program, are we still talking roughly—we have kind of used $100 means $100 million—is that still a roughly accurate figure? You may want to call on—and you may want to identify for the record the people who are with you.

Mr. PENNER. Yes; let me ask Maureen McLaughlin to answer that question.

Ms. MCLAUGHLIN. In the current program, raising the maximum award by $100 would increase Federal costs by between $100 million and $150 million. When you have a larger program, such as the Pell Grant Program proposed in H.R. 5240, that rule doesn't necessarily still hold. In that program, if you reduce the maximum from $3,000 to something lower, you would save about $200 million for each $100 decrease in the maximum award.

Mr. SIMON. All right.

Then on the one table, just for—and I understand the kind of problems you face on this—but on page 10, you make a comparison and the implication is that H.R. 5240 applies to fiscal year 1985—in fact, 5240 applies to fiscal year 1986. It starts then. Have you done any estimates of what we do in the way of savings in the out years when we shift from loans to grants? Clearly, one of the things that I am trying to do in my bill is to make that shift.

Just by way of background, we had yesterday some people from Kentucky testifying. One of them talked about a couple now facing $37,000 in loans, and you come across with a lot more than that, just graduating from college. That's a pretty significant thing. In fact, it's so significant, it discourages a lot of people from continuing their education.

Mr. PENNER. Unfortunately, Mr. Chairman, we have not yet been able to do cost estimates for the outyears, for the 1986-89 period. It is something we could do for the record. It's just been a matter to get through it.

Mr. SIMON. I am not thinking simply those 3 fiscal years, but if you have a subsidized loan, there is a government—in other words, if you make a grant of $100, you are putting out that money in one fiscal year. You make a loan of $100 and you are subsidizing that loan for a number of years. What I am trying to get at is whether in the long run we are saving money or losing money by making a loan rather than a grant.

Now the Grace Commission has suggested that we would be better off—we all like to quote the Grace Commission when we agree with them and not when we disagree with them. [Laughter.]

But the Grace Commission suggests that we would be saving money by making grants rather than loans because we end up with this huge Federal expenditure year after year after year in subsidizing loans.

Mr. PENNER. Well, it really depends on how you look at it. If you are just comparing $100 of grant, which is obviously a $100 subsidy right up front, with $100 of loan, obviously, the interest rate subsidy, simply because it is smaller, is lower in the longer run. You can, obviously, develop comparisons where you are comparing—well, let me put it the other way—you can obviously design program to provide exactly the same subsidy value as a grant program. There is a problem, however, in how we account for these things in the unified budget. That is to say, when you loan $100, it appears right away as an addition to the deficit even though it does not carry—well, it looks exactly the same as $100 grant even though in the longer run it carries the lesser subsidy and is less costly to the Federal grant because, of course, that $100 will eventually be paid back. So the loss is the present value of the subsidy.

We have tried to explain all of that in footnote 2, which is quite long and elaborate—and I apologize for that—on pages 5 and 6. It is a complicated issue. We have in other contexts suggested ways that the Federal Government would account very much better for lending in a way that they could be easily compared to grants and we would be very pleased to give your staff that report, which we are quite proud of, in fact. You have put your finger on a real problem of budgeting—accounting—as we do it now, because you cannot compare those two things easily just looking at the budget of the United States.

Mr. SIMON. Just a mild—not disagreement—but to strengthen the statement you have here, you say, "Although there is some evidence to suggest that increased aid has raised the probability that low-income persons will further their education." I would assert that that evidence is just overwhelming. We probably don't disagree on that, but I simply want to express my opinion on that.

Mr. Gunderson?

Mr. GUNDERSON. Thank you, Mr. Chairman, and thank you, Mr. Penner, for being here today. My problem is deciding exactly where I want to start in asking questions here and I would love to ask you a lot of policy decisions. I don't know if you want to get into that arena or not.

Mr. PENNER. No, I don't. [Laughter.]

Mr. GUNDERSON. I can't imagine why.

First of all, you indicated on page 6 of your testimony that the proportions * * * "The percent of money provided to students at more expensive schools has risen in recent years." Could you elaborate on that statement?

Mr. PENNER. That is largely because of the increase in the loan program.

Mr. GUNDERSON. You say the loan program caused the students to attend higher cost schools.

Mr. PENNER. It makes it easier for them to do so and, of course, in the formula as well for the grants there is some incentive, even now—or some additional help—for higher cost schools up to the

threshold as it were. But I would not want to emphasize that very much. It's, I think, mainly the availability of loans.

Mr. GUNDERSON. One of the concerns that we have heard in testimony is that if we raised the 50 percent of cost provision in the Pell grant to 75 percent that that would, in essence, create a transfer away from the high-cost institution to the low-cost, more public institution. Have you done any analysis on what the effects of that type of legislative change would be?

Mr. PENNER. I don't think we have in any precise detail, have we? Let me turn to Maureen.

Ms. MCLAUGHLIN. We have done a little bit of work on changing the half-cost limitation and raising it to 60, 65, 70 percent of cost.

Mr. SIMON. Can you pull that mike closer to you?

Ms. MCLAUGHLIN. We have done a little bit of work on analyzing the effects of changing the half-cost limitation to 60, 65, 70 percent of cost and if that were the only change made, it does help students who go to lower cost students because a larger proportion of their school costs could be covered by a Pell grant.

If you don't raise the total appropriations for the Pell Grant Program, that would cause a shift of aid from private schools to public schools. If you increased the appropriation to take into account that change, then students at private schools would continue to get approximately what they do now.

Mr. GUNDERSON. Do you want to add something to that?

Mr. PENNER. In terms of the structure, it does obviously depend on how you cap it, too.

Mr. SIMON. If my colleague would yield.

Mr. GUNDERSON. Yes.

Mr. SIMON. We are getting at cost factors. Obviously, the major problem that we are trying to work out a compromise on is this 50- versus 75-percent problem. I was just wondering, Maureen, if you had any figures as we move up from 50 to 51 percent. What does each 1, 5, or 10 percent—do you have any rough estimate of what we are talking about costwise?

Ms. MCLAUGHLIN. I don't have an estimate for that. It depends heavily on what program it is, what the other parameters in the program are.

Mr. SIMON. But making the assumptions that we do in 5240, could you get to me just a rough estimate of what happens if we move from 75 down to 70 percent or what happens if we move from 50 up to 55 percent—what each 1 or 5 percent would mean? OK? We will insert that in the record.

Mr. GUNDERSON. Has CBO done any analysis on the total student burden attending various cost universities? One of the problems that I think we face in this whole reauthorization process is that it is almost impossible for us to determine the ability of and opportunity for scholarships to affect student choice. In other words, we have talked a lot about endowments. We don't know exactly what high-cost institutions versus low-cost institutions might have in terms of correlation. We have been unable to fit scholarships into the grant and loan scenario to come up with a bottom line. Has any study been done by CBO in this regard?

Mr. PENNER. I think the data are very scarce on that sort of thing, sir.

Mr. GUNDERSON. You would agree though that it is very difficult for us to make public policy in terms of needs because of this issue.

Mr. PENNER. I certainly agree that it's an important element, yes.

Mr. GUNDERSON. Has CBO done any analysis of what the typical loan burdens are at the completion of undergraduate and graduate school for college students today and put this into a historical perspective?

Mr. PENNER. You mean the time series on that? You are talking about after they are all finished and they borrowed their——

Mr. GUNDERSON. In other words, if the typical example is the student with 4 years undergraduate work with a B.A. degree, is the average loan obligation $5,000, $10,000, $15,000? Do we have any idea of that average figure?

Mr. PENNER. We have not done that, but it is something that we could do. We could look at that for you, if you like.

Mr. GUNDERSON. If it isn't too much work, I think that would be a good idea.

Mr. SIMON. I concur. I think it's a good request.

Mr. GUNDERSON. Mr. Chairman, I have some more questions, but if you would like to rotate, I would be happy to do that.

Mr. SIMON. Mr. Penny.

Mr. PENNY. Thank you, Mr. Chairman.

Mr. Penner, welcome to the committee.

Mr. PENNER. Thank you.

Mr. PENNY. Do you have a cost-out of your suggestion of a three-tiered financial aid system using—I am assuming you can use current statistics as to which students fall into which categories in each case?

Mr. PENNER. Well, it's the sort of thing, sir, that you could set a budget for and then allocate almost any way you chose depending on the parameters that you wanted to choose for the programs or you could start with some parameters and derive a budget. It's a very flexible program. We were just trying to state a philosophy as to how you might proceed and try to focus on what we called three tiers more precisely.

Mr. PENNY. Is there—what you have said is that you can see any price tag and then define the terms and the definitions to meet that price tag. Would it be possible for us to have some figures of what the price tag would be if we tried to meet the level of need that exists for our lowest income students and the middle-income students through grants at the one level and strictly subsidized loans at the other level, assuming then that the loan program for the wealthier students would be a no-cost program for the Government?

Mr. PENNER. Well, I think the best way to proceed on that would be for us to get our two staffs together and work out in a little more detail——

Mr. PENNY. What the definitions would be as to low income.

Mr. PENNER. Exactly. Then we could work out a cost estimate once we had soemthing like that available.

Mr. PENNY. You're right. It is a dramatic shift from the mix of aid programs that we have available now and it may from a policy standpoint that we don't find it an attractive alternative. But I

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think for purposes of comparison it would be nice to have those figures.

Mr. PENNY. What are we really saving for the Government with the 5-percent origination fee? Do you have the figure on that?

Mr. PENNER. Yes, I do have that number here somewhere. $350 million.

Mr. PENNY. $350 million?

Mr. PENNER. Yes.

Mr. PENNY. Annually?

Mr. PENNER. Yes.

Mr. PENNY. What kind of an interest rate—let's just admit to folks that when you get that deducted from your loan amount, but you have to pay back the entire amount as if that money were given to you. Let's just admit that it's just a different way of increasing their interest rates.

Mr. PENNER. That's right. It's exactly the same.

Mr. PENNY. If we were to give them the full loan instead of deducting the 5 percent up front, what kind of an interest rate would we really be talking about? We are pretending that we have got a 9-percent interest rate for these students right now.

Mr. PENNER. Now 8, sir.

Mr. PENNY. What would it really be if you factored in the origination fee?

Mr. PENNER. Well, first of all, you are absolutely right that it is just like points on a mortgage. That's the analogy. Have you computed that, Maureen?

Ms. MCLAUGHLIN. I haven't, but I could.

Mr. PENNER. It's a very easy computation. That's for sure.

Mr. PENNY. It's terribly misleading to tell students that we are giving them 9-percent loans when that origination fee, in essence, means that we are giving loans at a much higher interest rate.

Mr. PENNER. That's right. We will supply that calculation for the record. It's quite straightforward.

Mr. PENNY. OK. I would appreciate that.

I don't have any further questions. Thank you.

Mr. SIMON. If I may ask one question before I yield to Mr. Petri and Mr. Gunderson here. I notice you say, "Under the entitlement approach, about 1 million more students would receive Pell grants than do now." Originally, I saw some informal estimate in a letter from you or from your staff—I can't remember—where we had a $500,000 estimate.

I guess I have two questions. No. 1, how did you arrive at either figure? No. 2, the assumption has to be that many of these are people who otherwise just wouldn't come to college. Do you have any estimate at all of how many—what's the increment and the numbers of additional students we get as a result of this increased program?

Mr. PENNER. The latter is really a tough one. The million obviously refers to some who would have been there anyway and now qualify and you reduce their financial burden, obviously. Putting your finger on the marginal amount is extremely difficult.

Maureen, why don't you explain the other.

Ms. MCLAUGHLIN. The estimate which you are referring which had 500,000 additional students was for a proposal that I was dis-

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cussing with your staff which is somewhat different than the proposal that H.R. 5240. If I remember correctly, the cost on that one was approximately $5½ billion. The cost in this program is $6.1 billion.

One of the main differences between that proposal and this one is that the proposal I was discussing with your staff I did not have graduate students in that particular program. Graduate students are included in H.R. 5240.

In addition, there are several other changes in H.R. 5240 that expand the program some and add more undergraduate students than in the memo.

Mr. SIMON. Would you care—and I realize these are just very rough estimates—but would you care to make any kind of a rough approximation of that 1 million? Would there be 300,000 who wouldn't otherwise go to school, 500,000 or are we just really grabbing for figures and it's impossible to even roughly approximate it?

Mr. PENNER. I am afraid, sir, we are grabbing for straws here. That's just very hard to identify, that made a go or a no-go decision based on a certain amount of financial aid.

Mr. SIMON. Is it possible that we could with a brief survey ask students who now go to school whether they would have been able to go to school if they did not receive their Pell grant?

Mr. PENNER. Let me introduce Eric Hanushek who has looked at the academic literature.

Mr. HANUSHEK. This has turned out to be a very difficult problem for economists to address in part because the data on all of the possible forms of student aid, if a student chooses a particular school are unavailable in general.

If you asked people on just a simple survey if they would have made a big difference of whether they would go or not, you would tend to get very biased answers because, in part, all of the students realize that it's in their interest to say that this was a very important element of going to school and so you really can't tell from just looking at those survey responses how important that was versus other kinds of aid and contribution from parents and work and so forth in making a decision to go to school or not.

Mr. SIMON. But it does seem to me that some kind of a relatively sophisticated questionnaire could be devised where you could get some rough approximations. That really is fairly fundamental to this whole question, "Are we, in fact, increasing opportunity?" My assumption, frankly—and this is on the basis of simply the allegorical kind of thing—you know, I talk to people and I see the ones that can't go and those who can—is that we would be tremendously increasing opportunity for those who would go to college.

Mr. HANUSHEK. Sir, I think you are absolutely right that we could do better. The one way that you would clearly want to go if you wanted to do this better would be to look at some students who didn't go to school also so that you can contrast those who did and didn't go and try to figure out what might have made the difference in that decision.

Mr. SIMON. Is something like that within the purview of CBO?

Mr. PENNER. I think it would probably have to be something that we would have to contract if it were done. We are not capable of really doing surveys.

Mr. SIMON. Mr. Gunderson.

Mr. GUNDERSON. Thank you again, Mr. Chairman. I would like to focus for just a bit, if I can, on the Pell grant provisions of H.R. 5240.

You estimate that the number of recipients would increase, obviously, if we move to an entitlement program. Have you been able to identify the category of students who would receive increased assistance? Are we talking about graduate students? Are we talking about students at different income levels? Has there been any analysis of who would benefit?

Mr. PENNER. In large portion we are talking about graduate students who would be newly eligible and then, of course, because the lid is raised, you would expand the range of the income distribution that you were serving.

Mr. GUNDERSON. Would it be possible to provide us with a breakdown of the numbers of students, the percent of dollars, the percent of students, et cetera, as a result of the projected increases?

Mr. PENNER. Yes.

Mr. GUNDERSON. Also, I feel guilty asking for some of these, but it would be helpful to the committee—could you give us some kind of projection of the long term.

Mr. PENNER. Yes.

Mr. GUNDERSON. You have made the projections for 1985 or 1986. With the changing population of students, could you project costs 3 and 5 years down the road so that we have some idea of what the growth of this program would or would not be?

Mr. PENNER. We can do that based on our baseline which goes through 1989.

Mr. GUNDERSON. What about the independent student definition that is included in H.R. 5240, has that had any impact on your analysis?

Ms. MCLAUGHLIN. It has a very small impact. It reduces costs very slightly. We could give you some more information on that.

Mr. GUNDERSON. It reduces costs slightly but——

Ms. MCLAUGHLIN. It reduces the number of students slightly and reduces costs slightly.

Mr. GUNDERSON. Can you describe the student who would be affected?

Ms. MCLAUGHLIN. The change would basically put an age cut in for students who are independent. So if a student falls below the age which is defined as 24 in H.R. 5240—if a student falls below age 24, and was now considered independent, he might not be considered as an independent student under the proposal.

Mr. GUNDERSON. Have you done any study on the impact of the Pell grant proposal on independent colleges? Does this affect the enrollment?

Ms. MCLAUGHLIN. When we look at the Pell Grant Program we look at how students now going to different types of schools would be affected. We are unable to take into account the behavioral changes that result from changes in the program causing students to choose different schools than they might otherwise have chosen.

Mr. PENNER. That's exactly analogous to the dealing with the chairman's question, about how many really did change their mind for a go or a no-go decision. It's very hard to say how many actual-

ly changed their mind to go to an independent college or a public college.

Mr. GUNDERSON. On page 13 of your testimony, you indicate, in regards to the reduction in interest rate paid on GSL loans, that, "Although this change could affect loan availability, it seems unlikely." I would be interested in your methodology for coming to that conclusion because this seems in direct contrast to what most lenders are suggesting.

Mr. PENNER. Well, it is a large payment that we make to them and it is our judgment simply that adjusting that downward by half a point—it would make some difference obviously. There will always be a few who decide it's not worth it anymore but it is our best judgment that that would not be a large number that would drop out.

Mr. GUNDERSON. I don't disagree with you, but I would be interested in any kind of supportive evidence that you have that, frankly, we could use to counter what the lenders are saying on the other side in that regard.

Mr. PENNER. OK.

Mr. GUNDERSON. This may be a general question and it's a final one in regard to the achievement of the purposes of the Higher Education Act. Is it at all possible for CBO to determine "the success of the intent," in terms of direct correlation between money spent and students attending school, both in a positive sense, generally, and in a negative sense, whether the changes that have occurred through reconciliation, Gramm-Latta, et cetera, have denied access? We get very conflicting evidence.

Mr. PENNER. Well, the reason it is conflicting is for all of the reasons that Mr. Hanushek mentioned in answering the chairman before. It is so hard to get a handle on how these things actually change behavior.

One thing you can say for sure though is that they have altered the financial burden of going to college. That is to say that I think we can say with some assurance that it hasn't all resulted in just increased prices and costs from the point of view of the educational institutions. But, to answer your question, any degree of satisfaction, you would have to know just how it changed behavior and that's extremely difficult, both conceptually and because of the lack of data, to get a handle on that.

Mr. GUNDERSON. Thank you, Mr. Chairman. Thank you.

Mr. SIMON. Do you have any further questions, Mr. Penny?

Mr. PENNY. No further questions.

Mr. SIMON. We would like to submit some questions to you also and as you reflect on this—obviously, we are going to be moving ahead fairly rapidly and any additional data or information you can get to us, we would greatly appreciate.

Thank you very, very much for your testimony. We thank the three of you and we look forward to seeing more of you.

Mr. PENNER. You're welcome, Mr. Chairman.

[Whereupon, at 10:40 a.m., on April 11, 1984, the subcommittee was adjourned, subject to the call of the Chair.]

HEARINGS ON THE REAUTHORIZATION OF THE HIGHER EDUCATION ACT

THURSDAY, APRIL 12, 1984

HOUSE OF REPRESENTATIVES,
COMMITTEE ON EDUCATION AND LABOR,
SUBCOMMITTEE ON POSTSECONDARY EDUCATION,
Washington, DC.

The subcommittee met, pursuant to call, at 9:45 a.m., in room 2257, Rayburn House Office Building, Hon. William F. Goodling (member of the subcommittee) presiding.

Members present: Representatives Owens, Gunderson, Goodling, Packard (ex officio), and Roukema.

Staff present: William A. Blakey, staff director; and John Dean, Republican assistant counsel.

Mr. GOODLING. This is a day of hearings requested by the minority so it's rather appropriate for the minority to be in the Chair. We are very happy to welcome the Under Secretary who has had to come up for, I believe, the second time and we are very happy to have you and the panel. So we will just begin with your testimony.

[Prepared statement of Dr. Gary L. Jones follows:]

PREPARED STATEMENT OF DR. GARY L. JONES, UNDER SECRETARY, U.S. DEPARTMENT OF EDUCATION

Mr. Chairman and Members of the Committee: Thank you for this opportunity to discuss H.R. 5240; entitled the "Higher Education Amendments of 1984."

I would like to preface my remarks by indicating today as in my testimony on March 27, 1984, before this subcommittee, we have recently submitted to Congress proposed amendments addressing needed reforms which support our fiscal year 1985 budget. We are continuing to study the need for long-term legislative change in these programs and will be submitting our proposals for reauthorization of the Higher Education Act at a later date.

We in the Administration are pleased to provide this subcommittee our initial assessment of H.R. 5240. We have problems with this bill from philosophical, operational, and cost standpoints. Philosophically, the bill would guide key higher education programs in opposite directions from those that create healthy, vibrant and independent institutions and individuals. While this Administration seeks restoration of the traditional roles of the family and the student in financing postsecondary education, H.R. 5240 would impose on the Federal Government an even larger share of educational costs than under current law—further eroding, rather than supporting, the principle of student self-help. Furthermore, while this Administration would promote institutional self-sufficiency, H.R. 540 would encourage institutional dependency on the Federal Government—potentially creating a class of permanently dependent institutions of higher education.

Operationally, H.R. 5240 would create numerous problems. For example, in place of the current workable formulas for distributing campus-based student aid funds to institutions, the bill would distribute these funds on the basis of institutional shares of Pell Grant and Guaranteed Student Loan dollars received in the previous year. Apart from the policy issues raised by such a change, the necessary loan data are not now collected by the Department or anyone else, and are not readily available

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at many institutions. Also, the bill appears to dismantle the current relationships between the higher education community and the Federal student aid programs by mandating a new statutory need analysis formula for purpose of GSL and the campus-based student aid programs, and by mandating a "common application form" for these operationally very different programs. Moreover, the bill includes several objectionable provisions including enactment of joint resolutions to make all Department regulations effective—which would eliminate traditional and needed executive branch flexibility in the administration of higher education programs.

In terms of costs, H.R. 5240 is a "budget buster". At a time when budget deficits are a matter of national concern, we estimate this bill would authorize spending of over $12 billion in fiscal year 1986 and over $14 billion by 1990—an increase of some 128 percent over the FY 1984 higher education appropriation levels. Some of the more costly program changes proposed in this bill are, in our judgment, not needed and not in the long-term best interest of higher education.

As I indicated earlier, we are continuing to study the need for long-term legislative change in all Higher Education Act programs. However, I am focusing my comments today on only certain programs.

INSTITUTIONAL AID

We believe that providing developmental support for institutions which serve substantial needy and minority student populations is an important Federal role. The President is especially concerned about assuring the survival and vitality of historically Black colleges and universities (HBCU's)—an institutional segment which has served and should continue to serve a unique and important function in American higher education. These are goals which we clearly share with the authors of H.R. 5240. Nevertheless, I must point out significant policy differences between the Title III proposals contained in this bill and those proposed by the Department of Education. In general, I believe our proposals would achieve the important goals sought by H.R. 5240 while at the same time clarifying the developmental intentions of these programs and creating needed mechanisms to protect against perpetual institutional dependency on Federal funds.

First, I must point out that the Part A. Strengthening Institutions, program proposed in this bill would create added complexity and administrative burdens in an already overly complex and confusing program, while failing to effectively target the program on temporary, developmental support activities. Although institutional "self-sufficiency" is a stated goal in H.R. 5240, this objective is not defined and there are no incentives for institutions to achieve this goal. Unlike the Department's proposal in this area, no institutional matching funds would be required and there would be no "graduation" from Federal grant support. Although a seven year cut-off rule is proposed in H.R. 5240, several mandatory waiver categories are provided such that virtually all schools could continue to receive grants indefinitely. Waiver applications and processing would complicate program administration, and there would be no assured movement toward institutional self-sufficiency.

The proposed Part A, Strengthening Institutions, program would complicate program administration by changing one of the current basic eligibility criteria from "high average Pell Grant amounts" to "high average amounts of need-based Title IV assistance"—apparently including both GSL and campus-based Federal aid. This would likely broaden institutional eligibility to include some high-cost institutions which may not be really in need of developmental assistance. Also, inasmuch as GSL and campus-based aid data are not readily available, this change would require costly and burdensome new data collection.

The proposed Part B, Strengthening Historically and Traditionally Black Colleges and Universities, program would also add administrative complexity while failing to clearly target program eligibility. The bill would establish no "need" or "developmental" eligibility requirements. Thus, it would be possible for some well-established and well-endowed schools to qualify. The only basic eligibility rule would be the requirement of at least 50 percent Black enrollment. This rule would exclude some "historically" Black institutions currently benefiting from the HBCU set-aside under the Department's definition. The proposed complicated, institutional allocation formula—based on number of Pell Grant recipients, number of institutional graduates, and number of graduates pursuing certain graduate programs—would be difficult to administer and allocations would not be clearly related to institutional need for such funds. It is not clear, for example, how graduates would be tracked each year.

We have even more serious concerns about the possibility that long-term dependency could be encouraged by the proposed new Part B program. Under this new pro-

gram, there would be no matching and no institutional "graduation" requirements. There would not even be a waivable seven year cut-off such as that proposed under Part A. Funds provided under this new program could be used to meet a virtually unlimited scope of institutional expenses—including on-going operational as well as developmental costs. The proposed authorized spending levels for this new program—$150 million in 1986, climbing to $200 million in 1990—would be several times greater than the Title III funds which these schools have applied for and been able to utilize in recent years. This suggests that Federal funds would probably displace other available resources now meeting basic institutional operating expenses. We believe that such a large and open-ended, although well-intentioned, program would probably encourage long-term institutional dependency on the Federal Treasury.

Unlike the Administration's proposal for a $45.7 million HBCU "set-aside" which would encompass all of the Title III programs and which would contain matching and "graduation" rules, this bill would establish a separate, additional program for Black colleges—a program whose terms would be more open-ended than the other Title III programs, and from which other categories of schools would be excluded. I believe the H.R. 5240 approach to aiding historically Black colleges raises greater equity concerns with respect to the treatment of schools not included in this racially-based category. It would certainly entail greater risk of creating a class of institutions perpetually dependent on Federal appropriations for institutional support.

PELL GRANTS

I have a number of serious concerns regarding H.R. 5240's treatment of our major need-based Federal grant program, whose statutory structure is key to assuring equal opportunity in postsecondary education.

In the first place, this bill not only ignores the Administration's modest proposal for making Pell Grants contingent on a minimum "self-help" expectation, it would actually move the program in the opposite direction. By allowing the Pell Grant to meet an unnecessarily high percentage of postsecondary costs, especially at low-cost institutions, even less self-help would be asked of students than at present. The number of students able to finance their educations solely with Federal grants and the expected family contribution would clearly increase and much of the increase in funds would go to students currently financing their costs in other ways.

We object to the proposal to lock into law the current Pell Grant family contribution schedule. This would eliminate an important area of Secretarial flexibility. Moreover, it would perpetuate family income assessment rates which border on generosity to middle-income families and may contribute to an erosion of the traditional family responsibility for meeting postsecondary costs.

We strongly object to the provision which would lock into the law automatic increases in the Pell Grant maximum award. Such indexing would limit future congressional as well as Executive Branch policy choices, and it would stimulate postsecondary cost inflation.

The proposed approach to Pell Grant living expense allowances—$2,000 for on-campus residents, $1,600 for students living off campus and $1,200 for students living with parents, each not subject to the bill's 75 percent limitation on institutional cost coverage—would be a new and, I believe, dubious approach to the distribution of Federal aid. Federal support should be targeted primarily toward direct educational costs. Instead, under H.R. 5240 personal living expenses, expenses which would have to be met whether or not the individual is attending college, would be weighed more heavily than tuition and other direct educational costs in the calculation of the Pell award.

The proposal broadening Pell Grant eligibility to include one year of graduate study seems inappropriate. The Pell Grant program was designed to remove financial barriers to access to undergraduate postsecondary education by recognizing differing family financial circumstances. Students who have received their bachelors degree have achieved an important measure of postsecondary access and need-based Federal grant aid is not as critical to continued educational pursuits. The federally-supported self-help programs (GSL, Work-Study, and Direct Loans) are the more appropriate means of taxpayer support for general graduate education—the benefits of which accrue more directly to the individual than to society at large.

Finally, and especially in view of the proposed program expansions and indexing of benefit levels discussed above, we strenuously object to the proposal to make Pell Grant costs into "entitlements" based only on student demand and not controllable via the yearly appropriations process. The creation of a hugely expensive and poorly

targeted new entitlement program, committing the Federal budget into the future, would only exacerbate our Federal deficit problem.

In that regard, the historical record of Federal entitlement programs bears consideration. The record shows, first, that these programs have expanded rapidly. For example:

All non-health Federal entitlement programs represented 5.4 percent of the Gross National Product in 1965. By 1983, the figure was 10.1 percent of GNP.

Between 1980 and 1983, Social Security benefits expanded 42 percent; Military retirement went up 57 percent; Agricultural Price Supports rose 596 percent!

More importantly, the record also shows that entitlement costs have increased far more than initially anticipated. For example:

In 1966, when medicare began, it was estimated that costs for supplementary medical insurance would increase 2.3 percent annually. They have actually increased 10.2 percent annually.

In 1970, it was estimated that the combined employee and Government Civil Service Retirement fund contribution of 14 percent of payroll would cover the cost of retiree benefits. Today the cost is 29 percent of payroll—yet Federal employees are still paying just 7 percent.

WORK-STUDY AND BLOCK GRANTS

H.R. 5240 would retain the current Work-Study program largely as under current law; however, it would fail to broaden the program in important ways as we have proposed. More importantly, it would replace the current Supplemental Grant, State Student Incentive Grant and Direct Loan programs with a new "Institutional Block Grant" from which schools could fund need-based grants, loans, and (to a more limited extent) work-study employment. All State allocation formulas would be eliminated, and the current need-based procedure for allocating campus-based funds within States would be replaced by a statutory formula based on GSL and Pell Grant awards.

While I have been an advocate of reducing institutional administrative burden and enhancing institutional flexibility in meeting individual student needs at all levels of the educational enterprise, I believe the proposed institutional block grant needs close examination and evaluation. Such a major program change could be an unwarranted, destabilizing element.

In particular, I am concerned about the institutional consequences and the general policy ramifications of the proposed institutional allocation system. The current need-based "fair share" method of within State allocations for these programs, which was developed by the financial aid community over many years, would be abandoned under this bill. Schools would receive block grants and Work-Study allocations based on past Pell Grant and GSL distributions regardless of their current need for the campus-based funds. This could lead to unpredictable discrepancies between available aid and actual need. GSL volume is especially volatile, and is subject to changing national economic and State/local lending conditions. Under the proposed system, small programmatic changes in the Pell and GSL programs could have unexpected allocation consequences for the other programs. Moreover, depending on appropriation levels, this system could result in low-cost schools receiving Federal funds in excess of their students' need for these funds. For example, needy students attending a school costing $5,500 could have their costs entirely met by Pell and GSL, yet the school would receive substantial Work-Study and Block Grant funds.

At appropriation levels which exceed the proposed 1985 hold-harmless levels, elimination of all State allotment formulas would increase incentives for postsecondary price inflation, and result in institutional and regional dislocations in available aid due to the effects of the new institutional allocation formulas. We are unable to model the institutional and regional effects of the new formula at this time—largely due to the unavailability of data on GSL amounts at individual institutions—and we thus urge caution in proceeding with this proposal.

On the operational level, the proposed formula would impose new data collection costs and administrative burdens in order to overcome this current lack of GSL data, as well as to ensure sufficiently timely Pell data by institution.

The GSL basis of the proposed formulas could act as an incentive for schools to require students to obtain GSLs—whether or not they wished to assume this debt—leading to increased GSL volume and costs as well as unnecessary student debt burden. Also, schools with close ties to GSL lenders would have an advantage, while others like proprietary schools would be at a disadvantage.

As I understand it, H.R. 5240 would allow schools to utilize all of their block grant funds as student grants. Institutional competition for enrollment would lead in this direction. Moreover, there would be no limits on the size of individual student grants made from the new block grant allocations. The current pressure on schools to target high grant awards toward the more academically talented students with any need could be substantially increased under such a program.

I believe the Administration's current legislative proposals for Work-Study and the other campus-based programs would achieve much of the local flexibility sought by the proposed block grant approach while avoiding the potentially disruptive operational consequences.

Our proposed reforms in the campus-based programs' funding system would greatly simplify the current State allotment formulas—basing them entirely on full-time equivalent enrollment. We would, in addition, retain the current sensible method of institutional allocations—based on relative institutional need for the program funds actually being allocated.

I urge the Committee to take a close look at this Department's proposals for expanding the scope and flexibility of the Work-Study program. We advocate increasing to 50 percent the transferability of institutional allocations between Work-Study and Supplemental Grants. H.R. 5240 would leave this transferability at 10 percent. We advocate increasing from $25,000 to $100,000 the amount which institutions can use for establishing Job Location and Development Centers, and broadening the use of Work-Study funds to include support for Cooperative Education programs as well as for adult literacy training programs.

GUARANTEED STUDENT LOANS

H.R. 5240 structures the GSL statute in a much more readable manner, and I congratulate the authors for this accomplishment. I'm also pleased to see that H.R. 5240 includes several of the proposals advanced by the Department of Education which are designed to improve collections and reduce subsidy and default costs.

The Administration proposals which have been incorporated into H.R. 5240 include the following:

Extension of need analysis to all regular GSL applicants;

Return of guarantee agency reserve fund advances;

Required guarantee agency reporting of defaulters to credit bureaus;

Required disbursement of GSL loan checks through, and co-payable to, the postsecondary institution;

Extension and uniform application of statutes of limitation for purposes of default litigation;

Required regular financial and compliance audits of guarantee agencies; and

Authority for a "rolling" 10 year repayment period for purposes of multiple PLUS loans to parents. This change would reduce administrative problems and improve lender and secondary market interest in supporting this low Federal cost component of the GSL program.

I certainly wish to thank the Chairman, and Congressman Erlenborn in particular, for taking a close look at our student loan collection improvement proposals. We will be shortly submitting a few additional amendments which I think you will find have merit.

As you know, we have proposed a considerably broader set of changes to the guarantee agency financing structure than have been included in H.R. 5240. In addition to recalling outstanding Federal advances to guarantee agency reserve funds, we have proposed restoration of flat 80 percent Federal reinsurance and elimination of the Federal administrative cost allowances which are based on new loan volume. We believe most agencies would have no trouble operating on this basis in the near term, and as the 80 percent reinsurance is phased in States should be ready to pick up a small part of GSL program costs. We believe only with the reintroduction of Federal-State cost sharing in this program will there be maximum incentive for the local guarantee agencies to help hold down default and administrative costs—costs which are otherwise fully phased on to the Federal taxpayer.

I would like to commend the authors of the bill for looking at several creative ways of reducing long-term GSL subsidy costs: a one half percent reduction in the guaranteed level of lender yield, establishment of the borrower's interest rate at a rate higher than the current 8 percent level (four percent below the annual 91-day Treasury bill rate average) should interest rates again turn up, and elimination of the special allowance together with market determined borrower interest rates for PLUS loans.

On the other hand, I must express the Administration's opposition to the proposal to eliminate the 5 percent GSL origination fee. This is a very modest off-set against high Federal interest subsidy costs both during the in-school period and over the life of each loan. Elimination of this modest and easily bearable fee would increase Federal interest subsidy costs by approximately $340 million in FY 1986 and more in the future.

We also object to the proposal to eliminate independent and graduate students as eligible borrowers under the low-cost PLUS program. This change would, of course, add to the likely Federal cost consequences of increasing graduate student loan limits.

As I indicated at the beginning of my statement, we are still studying many of the issues addressed by this bill and will have more to say in the future.

In summary, we believe this bill is significantly flawed, unnecessarily costly and untimely. We recommend that consideration of reauthorization of the Higher Education Act be rescheduled until next year so that this Administration and the Congress can work together to produce a more acceptable bill.

Thank you Mr. Chairman. I would be happy to answer any questions that members may have on this subject.

STATEMENT OF DR. GARY L. JONES, UNDER SECRETARY, ACCOMPANIED BY DR. EDWARD ELMENDORF, ASSISTANT SECRETARY FOR POSTSECONDARY EDUCATION; AND BILL DINGELDEIN, DEPUTY DIRECTOR OF THE BUDGET SERVICE, OFFICE OF PLANNING, BUDGET AND EVALUATION, U.S. DEPARTMENT OF EDUCATION

INTRODUCTION OF ASSOCIATES

Dr. JONES. Thank you very much, Mr. Chairman. I appreciate the opportunity to be here and I appreciate the fact you are in the chair today. We have had many conversations in the years past and they have always been very friendly and useful.

I have with me Dr. Ed Elmendorf who is known to most everyone here as our Assistant Secretary for Postsecondary Education and Bill Dingeldein, who is the Deputy Director of the Budget Service, Office of Planning, Budget and Evaluation.

I do have a prepared statement, Mr. Chairman, that we will submit for the record. However, I have a few comments I would like to make here today before we avail ourselves to the questions from the committee.

TIMING OF REAUTHORIZATION

I do wish to preface the remarks by reaffirming what I mentioned when we appeared on March 27, that the administration does not really believe this is the appropriate time to pass legislation reauthorizing the Higher Education Act. We do believe it is an essential ingredient of the Federal role for higher education and, in due time, we will be submitting our own reauthorization proposal.

OVERVIEW OF ADMINISTRATION'S VIEWS ON H.R. 5240

Second, the bill we have been asked to testify on today is a very complex bill and is voluminous. We would ask that many of our comments be taken as preliminary assessments because we would like additional time to look at some of the major ramifications of the bill.

We do believe H.R. 5240 serves a very useful purpose because it does demonstrate the complexity of the current law and also the

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need to assess priorities by the Federal Government as to the types of programs that should be implemented at the Federal level and the level of appropriate funding for those particular programs.

While we find elements of the bill to our satisfaction, Mr. Chairman—and I have outlined some of those in the text that I have submitted for the record—there are problem areas we find. They can be broken down, from my way of thinking, into three different areas. One would be philosophical; the second would be operational and the third would be budgetary or cost.

We are strong advocates of assuring that students who wish to go to postsecondary institutions have that opportunity. We believe that, since we have been in office, students who choose to enroll in colleges or universities have been able to do so with the assistance of the federal government.

PELL GRANTS

At this time, however, we are somewhat perplexed as to how we would and why we would need such a huge increase in gift assistance dollars. The current Pell Grant Program is funded at $2.8 billion. Under the proposed bill, the estimate we have is around $5.5 billion in fiscal year 1986. CBO, as you know, has testified it would be closer to $6.1 billion in the first year which, I note, is the Department's appropriation expectation for the bill in fiscal year 1990. But CBO has gotten us there already in the very first year.

We are also perplexed that there is no self-help requirement in the bill. Contrary to the perceived notion of many people in this town towards our advocacy for self-help for the past two years, we have found this notion within our legislative proposals to be receiving considerable credibility in the education community and with the lay citizens across the country. We also believe it is one way that we can encourage some sense of cost sensitivity within institutions, as well as with the students desiring higher education.

TITLE III—INSTITUTIONAL AID PROGRAMS

The other philosophical area I wish to emphasize is the bill's approach to title III. We strongly endorse the move by Congress last year in passing an amendment to the title III authorization which would provide endowment funding for these developing institutions. We believe that is the most appropriate way for the Federal Government to provide fiscal stability to these developing institutions.

On first examination of this bill, we believe its treatment of title III would be breeding nothing more than a greater Federal dependency by these institutions and I don't think that is healthy for the institutions in the long run. What we find is that we are simply going to be providing more dollars to encourage these not-very-fiscally-stable institutions to spend on programs that will either have to be picked up by those institutions at the conclusion of the Federal dollar support or simply dropped.

OPERATIONAL PROBLEMS

Operationally, some of our problems are somewhat ironic. We have heard many Members of Congress who have not been shy in disavowing the inherent sensibilities of the administration's policy initiatives for the last 2 years. We have heard many Members of Congress say what the student financial aid community really needs in this country right now is stability. And yet, what we find in this bill is probably a greater disruption and reconfiguration of the student financial aid programs than has been proposed under the administration's proposals.

CAMPUS-BASED BLOCK GRANT

By example, this bill advocates three-fifths of the student financial aid programs be put into a block grant—an idea that was considered by the administration over 2 years ago and, as I mentioned on March 27, the Congress decided was not an appropriate approach. The allocation formula for the block grant would be based upon institutional shares of the Pell grant and the guaranteed student loan dollars that are received in previous years by these institutions. That data is not now collected by us at the Federal level, or by anyone else at the Federal level, and we are not sure who might most appropriately do that, if anyone.

Also under the Block Grant Program it calls for a dismanteling of the current allocation formulas for campus-based programs—allocation formulas that have been primarily developed by the community over the past several years where they have been estimating student needs at individual schools.

REGULATORY FLEXIBILITY

Other operational sensitivities that we have include the need analysis for the campus-based and GSL programs under the bill which call for statutory need analysis as opposed to what could be done through the regulatory mechanism. This would largely limit the flexibility of institutions and impose systems and processes by the Federal Government on all institutions in place of ones developed by the community in conjunction with the executive and legislative branches of Government.

The bill advocates locking into law the current family contribution schedule as it relates to the Pell Program. Again, we believe this eliminates flexibility to adjust to factors affecting the cost changes at the institutional level as well as the home without going through, at times, a preponderous statutory approach.

CAMPUS-BASED ALLOCATION FORMULAS

Finally, under the College Work-Study Program, as it relates to operational difficulties, the State allocation formulas would be eliminated and funds would be distributed to each institution based upon the GSL and Pell grant awards—regardless of need—as is advocated for the block grant as well.

We are concerned, Mr. Chairman, that use of the GSL in the formula could act an an incentive for schools to require students to obtain GSL's and this would lead the students to a greater debt

burden, which is a matter that we have had great concern about in the administration for the past year or so.

OVERALL COST IMPLICATIONS

Where sensitivity as it relates to cost is concerned, we see the bill costing $12 billion in fiscal year 1986, and $14 billion in fiscal year 1990, a 128-percent increase over the appropriation level in fiscal year 1984. By example, we see a 310-percent increase in the title III funding; we see a 99-percent increase in funding for the programs in the bill under title IV.

EXPANSION OF ENTITLEMENT PROGRAMS

I must draw reference here, Mr. Chairman, to the Pell Grant Entitlement Program advocated under the bill. The historical record of Federal entitlement programs, I think, bears consideration before the Congress would act on such a proposal. The record shows, first, that these programs have expanded rapidly. For example, all nonhealth Federal entitlement programs represented 5.4 percent of the GNP in 1965. By 1983, the figure was 10.1 percent of GNP. Between 1980 and 1983, Social Security benefits expanded 42 percent and in those same 3 years military retirement went up 57 percent.

The record also shows not only that they have expanded rapidly but the expansion has been far greater than initially anticipated. In 1966, for example, when medicare began, it was estimated that costs for supplementary medical insurance would increase 2.3 percent annually. Instead, it has increased 10.2 percent annually. In 1970, it was estimated the combined employee and Government civil service retirement fund contribution of 14 percent of payroll would cover the cost of retiree benefits. Today the cost is 29 percent of payroll and yet Federal employees are still paying just 7 percent.

We are not opposed to providing the funds necessary for students to receive access to colleges and universities or proprietary institutions. We do deviate from this bill in many areas, principally those that I have identified.

We are ready for your questions, Mr. Chairman.

Mr. GOODLING. Thank you, Mr. Secretary.

Whenever I see legislation of this nature I always stop and ask myself, "How did the Goodling kids ever make it—six reared during the Depression, five of which got through college, four of which first went into the service and then combined that with working at school?" Even as a guidance counselor, I found parents no longer looking as to how they and their children together might do something about seeing that they have an education but instead, "What is it you have to offer?" I think we are missing something somewhere.

Mr. Packard.

NEED FOR EXPANSION OF GRANT AID

Mr. PACKARD. Thank you, Mr. Chairman.

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I appreciate your testimony and the opportunity of hearing from the Department of Education. Based upon your study of the bill and the work that is conducted in generating the administration's fiscal year 1985 higher education proposals, do you believe that the significant expansion of grant aid called for in the bill is needed to improve access to the low-income students in postsecondary education?

Dr. JONES. Compared to our bill, Mr. Packard, no. Under the fiscal year 1985 legislative package we have submitted to Congress needy students attending all institutions will already receive more Pell grant money under the $2.8 billion appropriation request. Second, under our proposals students attending all institutions of a high cost nature, being $7,000 or $8,000 or more, would receive more Pell grant dollars as well.

So we believe that under the current legislative submission by the administration the needs of the needy students will be better taken care of under the current appropriation level, providing we get the legislative amendments that are necessary.

Mr. PACKARD. Chairman Simon has said that under this bill there will be students who will be able to go to college who otherwise wouldn't. Do you disagree with him?

Dr. JONES. I would disagree with that. They may not be able to go to the college of their choice under our proposal. We have, however, not contended that the Federal role would really require that you not only assure access but that you would also assure choice of institution. Institutions have an obligation to play here, too, Mr. Packard, and if a $10,000 or $12,000 institution wants students to come there, they have an obligation to make sure they can attract them through funds of their own.

PELL GRANTS AS ENTITLEMENTS

Mr. PACKARD. Another point that has been made is that in the bill, they would like to make the grants entitlements. Do you feel that the administration's proposal would assure or can assure the funding that is needed to keep the program operative?

Dr. JONES. We think we can do that without an entitlement. However, with an entitlement, certainly the program dollars would be available under any circumstance. You know, one of the ironies is that we call them entitlements in Congress, but when we go across the country they are referred to as uncontrollables. That's one reason that two-thirds to three-fourths of the Federal budget now consists of these entitlements and the interest on the Federal debt. We have considered them to be uncontrollable. I would encourage us to look very carefully at how otherwise we might be able to provide the necessary grant dollars to needy students before we get into an entitlement program.

LOANS/GRANTS BALANCE

Mr. PACKARD. One of the stated purposes of the bill is to reduce the reliance of students on loans. Do you believe that this bill meets those objectives?

Dr. JONES. Well, we are very concerned in the administration about the increasing loan indebtedness by students, but we are not

so sure that more than doubling in 1 year the amount of gift assistance to students is the appropriate way to address that problem. We think the institution the student chooses to attend also has an obligation.

We are concerned about the method by which students can receive their dollars to go to colleges and universities. By that I mean we are concerned that students should contribute to their educational costs and under this bill, as we have seen it at this stage, there is very little requirement that any student to provide assistance for himself. They would be able to get a large sum of grant assistance before it was deemed necessary by them that they would have to contribute for themselves.

Mr. PACKARD. Thank you very much, Mr. Jones. I appreciate your testimony.

Mr. GOODLING. Mr. Gunderson.

MINORITY ACCESS TO GRADUATE EDUCATION

Mr. GUNDERSON. Thank you, Mr. Chairman. Thank you, Mr. Jones, for your testimony. Having sat through most of these hearings that we have had on this legislation this spring, it's an interesting exercise to hear the different perspectives that we have.

One of the issues that has come before us in great degree is access for minorities, and in particular, for minorities trying to attend graduate school. If testimony means anything, I have to tell you that I have been convinced that statistics will show that we have effectively kept minorities from achieving the academic standards that would allow them to be full members and participants in the college academic community as college professors, researchers, et cetera.

I would be interested if the administration agrees with my conclusions and what, if any, incentives you see in that area that ought to be undertaken in reauthorization?

Dr. JONES. We would like to study this aspect of the bill a little bit further, Mr. Gunderson, for two or three reasons. We sense there needs to be some stimulant or some assistance for minorities to attend graduate and professional schools as well. We are not sure what that should consist of though from the standpoint of student financial aid.

Second, the fact is the preponderance of blacks who do attend graduate and professional schools are graduates of historically black colleges and universities. We think if we can strengthen those institutions—and their fiscal base in particular—through the Endowment Program under title III, we will provide stronger programs for them and greater access to college and university graduate and professional schools.

We are not at this point prepared to analyze any further than we have the need for expansion of the ALAS program so graduate and professional students, regardless of race or ethnicity, have greater access to those loan dollars.

Mr. GUNDERSON. Can we anticipate a proposal for reauthorization from the Department early next year?

Dr. JONES. Yes.

PERCENT OF COST COVERED BY PELL GRANTS

Mr. GUNDERSON. I would encourage you to spend some time and effort on this particular issue. It's a problem that does need to be addressed. Additionally, I am a little confused by one of your answers to Congressman Packard and some statements you have in your testimony.

You say on page 6, "By allowing the Pell Grant to meet an unnecessarily high percentage of postsecondary costs, especially at low-cost institutions, even less self-help would be asked of students than at present." That seems to be saying you're opposed to the change in the half-cost up to 75-percent cost for Pell grants. Is that correct?

Dr. JONES. Well, we have increased it to 60 percent under our own self-help proposal and we think that is sufficient for the amount of program dollars that are available. Also it begins to work against other programs and students in different income categories if we extend that too highly.

Maybe Dr. Elmendorf would like to expand on that.

Dr. ELMENDORF. That's correct. And to go one step further, the inequities created under the current law which we have tried to remedy with our administration proposal allow right now individuals from the same set of family circumstances to attend the same low-cost institution and get different aid awards and we think that is inequitable. We also find under the current law that a student can go to a low-cost institution and essentially have up to 50 percent of their total costs at that low-cost institution paid for by grant funds. The same student from the same set of family circumstances could go to a higher cost institution and find only 20 percent or less of their costs paid for by grant. That's an inequity that I think affects not only access but choice.

FEDERAL SUPPORT OF ACCESS AND CHOICE

Mr. GUNDERSON. That's what I am confused about. Mr. Jones just made the statement in answer to Congressman Packard that it was the philosophy of the administration to provide access but not to provide choice. I have to tell that following the whole budget experience since 1980, I thought that the administration's line was just that—that the role ought to be to provide access, but it was not the role of Government to provide choice to an institution that had tuition three times the cost of a State university. I am trying to figure out where you are at.

Dr. ELMENDORF. Well, you have got most of that accurate in terms of the administration's commitment, but let me tell you about the cruelest form of access or lack of choice is that some of these very low-cost institutions that have a high proportion of low-income students who feel so locked into that type of institution where they can get half of their funding in grant dollars. They are afraid to try to get into a higher cost institution that might be a better fit.

So, to the extent that the administration would increase the maximum Pell grant to $3,000, we feel that would provide an incentive on top of access to allow some of those students to reach out to higher cost, better fitting institutions for them. That's the

proposal that we have tried to get before Congress and have them understand.

Mr. GUNDERSON. I am not trying to be combative, I am just trying to understand. The position of the administration is that even at a time of limited budget funds there ought to be some role of the Federal Government in providing choice as well as access.

Dr. JONES. If I may be more precise. I normally am pretty careful on this, Mr. Gunderson, but we have always believed that our proposals assured access to postsecondary education. We have always believed we have subsidized choice, but we have not guaranteed choice. There is a difference. We can subsidize to a certain degree, to a certain level, but we do not guarantee choice. In other words, if a student chooses a $15,000 institution, we do not guarantee enough Federal dollars to make sure that student goes there. We think there has to be a partnership effort with the institution, with the State, and even perhaps through foundation funds, scholarship funds, or whatever.

So we subsidize funds. The higher the cost of the institution, the greater the subsidy of that choice. But there is a limit because we don't guarantee those dollars to the full implementation of that choice.

CAMPUS-BASED BLOCK GRANT

Mr. GUNDERSON. You indicate your concern with the campus-based initiative in H.R. 5240. I have made the statement publicly more than once that when we have Representative Simon on one hand and the administration on the other, both calling for major reforms in the campus-based programs, that something is going to happen.

Could you support some kind of a block grant if the level of funding was considerably less than in H.R. 5240?

Dr. JONES. Well, as I mentioned, we looked at the whole idea of a block grant for these programs some 2 years ago—Dr. Elmendorf and Secretary Bell and myself and others. We concluded at that time it wasn't the appropriate vehicle to provide those dollars. We are always looking for new and better ways to provide the dollars and we are, again, going to address this.

There are problems with the program and I am not sure it is so much that they are blocked as it is the allocation formulas that they are tinkering around with in the bill that may create major problems in the so-called delivery of those dollars to the appropriate students. We'll take a look at it, if you choose, Mr. Gunderson. It's clear this administration has strongly advocated block grants at every opportunity that we think they are correct.

NONTRADITIONAL STUDENTS

Mr. GUNDERSON. One of the areas where I have a great deal of interest in the reauthorization process is the nontraditional student; 10 years from now close to 50 percent of our student body is going to be the, quote, "adult learner" or "nontraditional student." Is the Department contemplating any major initiatives in recognizing the unique financial aid needs of that type of student?

Dr. JONES. This is an area we are addressing within our reauthorization proposal we will be submitting to Congress sometime between now and next January. I don't have any preliminary assessment as to how we will come out on that except you can be assured that the Secretary, Dr. Elmendorf, I and others are keenly aware of the different student who is now attending our colleges and universities, the nontraditional student whom we have seen in greater numbers than in times past.

Mr. GUNDERSON. If I may make a suggestion as you are looking at your proposal, don't ignore the concept of a block grant proposal as a means of addressing these unique needs and giving colleges flexibility in this area.

BLOCK GRANTS

Dr. JONES. Mr. Gunderson, if I may, on this area, I would encourage you folks also to take a closer look at our fiscal year 1985 legislative package as it relates to so-called "block granting" or "consolidating" because in a certain sense, our request for having the college work-study transferability raised from 10 percent to 50 percent provides some sense of a consolidation or a block granting of those funds in the College Work-Study Program into the SEOG program.

If the institutions would take 50 percent of the $850 million budget request for college work-study and transfer those into the SEOG program, the SEOG would be funded to a higher level than it is under current appropriation. So that would increase the grant dollars available for those students as well.

STUDENT DEBT BURDEN

Mr. GUNDERSON. Just two final questions—and this is information you may want to provide for the record, if you can. Have you any studies which indicate the average loan repayment obligations that students have as they complete their undergraduate or graduate programs both presently and any historically? Have you done any studies to determine what kind of loan obligations our young people face as they complete their college education?

Dr. JONES. Not to my knowledge, we haven't.

Mr. GUNDERSON. Do you anticipate doing some before your proposal?

Dr. JONES. As of now, yes, sir. [Laughter.]

Mr. GUNDERSON. Just asking.

[The information follows:]

STUDIES OF STUDENT DEBT BURDEN

Although the Department does not maintain data on the cumulative debt levels of borrowers in the Guaranteed Student Loan (GSL) program, several studies have analyzed this issue. A study by the Educational Testing Service (ETS) on "Discretionary Income and College Costs" showed that in 1977 the median cumulative debt level of students entering repayment was $2,700, including GSLs and other student loans. If this number were inflated to reflect changes in the CPI, the median cumulative educational debt in 1981 would have been about $3,800. An ETS study of graduate borrowing in 1980–81 found the following cumulative levels of educational indebtedness for students completing various advanced degree programs:

Graduate indebtedness

Type of program and cumulative educational indebtedness:	
Medical (private school)	$31,000
Medical (public school)	21,000
Business (private school)	11,500
Law (private school)	14,000
Law (public school)	10,400
Business (public school)	6,500
Arts and sciences (private school)	7,350
Arts and sciences (public school)	6,030
Other (private school)	16,000
Other (public school)	10,000

These data indicate that, in 1981, cumulative student borrowing was in the $3,800 range for most students, but the total amount borrowed was much higher for students who pursued postgraduate studies.

ANTICIPATED STUDENT DEMOGRAPHICS

Mr. GUNDERSON. Along that same line, has the Department done any projections as to the number of students and the type of students we are going to be facing in our higher education community in the next 5 to 10 years?

Dr. JONES. We have a small task force looking at that very question. That is something that I have discussed with some of the leaders in the education community here in town during the last few months. I am greatly concerned about it from this standpoint: "Are the institutions across the country analyzing this demographic data as it relates to their cost projections, enrollment projections, and whatever?" As that information is available we would be happy to share it with you.

Mr. GUNDERSON. Thank you very much. I appreciate your testimony. Thank you, Mr. Chairman.

MASTER FINANCIAL AID CALENDAR

Mr. GOODLING. A few quick questions, Mr. Secretary.

5240 has a master student financial aid calendar as part of it. I understand that those who testified seemed to think that that was needed in order to ensure the timely delivery of student aid. What is the opinion of the Department?

Dr. JONES. We have worked very hard, Mr. Chairman, as you may recognize, in the last 1 to 2 years to make sure that we comply with the statutory mandates by Congress in this particular area. If Congress statutorily mandates a master calendar, we will comply with it so long as there are no catches in new appropriation language that emanate from Congress through those types of processes and the like.

REDUCING GSL COSTS

Mr. GOODLING. And one last question. You in your testimony you commended the authors of 5240 for looking at innovative ways of holding down GSL costs, including reducing the special allowance paid out on new GSLs. From your statement, I would assume then that you agree that this is a way to reduce the GSL or you would support the reduction of the GSL special?

Dr. JONES. Yes, we would. We have been concerned about how the GSL program "eats up" our appropriation request dollars every year. It's the only entitlement program out of the 125 programs in the Department and it does have an impact on the other discretionary programs in our budget.

Any way we can constrain the costs of that program we will endorse.

Mr. GOODLING. I was told that Mr. Erlenborn may introduce the administration's 1985 higher education proposal.

Dr. JONES. I am glad we came today.

Mr. GOODLING. Any further questions from anyone?

[No response.]

Mr. GOODLING. Thank you. We thank you very much for providing this testimony.

Dr. JONES. Thank you, Mr. Chairman.

Mr. GOODLING. The next panel is Dr. Horn, California State University at Long Beach; Dr. Howell, Central Methodist College, Fayette, MO; Dr. Phibbs, president, University of Puget Sound, Tacoma, WA, and; Dr. James A. Cheek—sorry. We will hear from Dr. Cheek separately.

I understand Dr. Bloustein who is on the list, president of Rutgers is testifying before another committee at the present time and will be here at another time to testify. So we will start with Dr. Horn.

STATEMENT OF DR. STEPHEN A. HORN, CALIFORNIA STATE UNIVERSITY, LONG BEACH, CA

Dr. HORN. Thank you very much, Mr. Chairman and members of the committee. First, I would like to congratulate the authors of the Simon bill on several things. I think the recognition of Representative Perkins and the need for quality teachers in America is increasingly clear to all members. I am particularly appreciative of the changes in the international programs. Very frankly, America has been losing the battle abroad in international education for the 30 years that I have followed it, when you compare what's happening in America with undergraduates versus what's happening in the Soviet Union.

But let me move to the most controversial issues on domestic policy. While I think we have been losing the battle abroad, may I say that in terms of the support of access for young and old, for full time and at least half time, for the returning learner, the divorced woman and so forth, we still have a long way to go. What the Congress has done in the last two decades is commendable and has provided access unknown in this country except for the GI Bill. That's the way many in my generation and slightly ahead of me were educated was with Government assistance through the GI bill that paid a much higher proportion of the cost of education for many institutions than we do now.

But under the Pell Grant Program, which has been a marvelous opportunity——

Mr. GOODLING. May I interrupt? And of course that was a reward for receiving $50 or $60 a month for serving in the armed services. I went through that period.

Dr. Horn. And you will recall, Mr. Chairman, nobody thought of it as an education bill originally. It was an economic readjustment bill, as the euphemism went in those days.

But in terms of California, and I am here to represent Chancellor Reynolds who could not make it—the chancellor of a 19-campus system of 320,000—and in terms of my own institution, California State University, Long Beach, a university of 32,000 students, the fact is that even our relatively low fees are a blockage to many in achieving access to higher education. Our in-State fees of $650 have tripled in the last 3 years. Our out-of-State fees, $4,200, are fairly high for public universities and cover the cost of instruction.

But even with those low in-State fees, we, in California, have a very way to go in terms of the underutilization of higher education by Hispanic people. Representative Packard, I know, realizes that in Orange County, Los Angeles County, there are strong Mexican-American communities in the middle of Santa Anna, in the east side of Los Angeles, other places where we still have not achieved the level of access we want to achieve. It isn't simply paying the college fees. It isn't simply paying the room and board bills by loan, grant or work-study. What it is is the opportunities denied for the rest of the family in terms of a job needed to support a single-parent household or to support a household with five or six children where not all can take advantage of higher education.

So I would urge the committee in its consideration of both the Simon bill and the administration proposal, that we think about providing an entitlement program for Pell grants that will assure that any American, not simply the traditional 18- to 21-year-old, but Americans who need higher education to become self-supporting so they can contribute to this economy and the expansion of this economy, have the right of access to an undergraduate education and I would add, Mr. Chairman, to at least the first year of graduate study.

If we are going to solve the problems of underutilization by members of minority groups in this country—blacks and Mexican-Americans and American Indians in particular—if we are going to have faculty educated as role models to teach the next generation now that we have broken the back of segregation as we did with the 1964 and 1965 acts, we are going to need some support for professionals in at least the first year of graduate study until their merit can be recognized and they can take teaching assistantships and so forth. Otherwise we will not have the Ph.D's to man the universities which we will need in the nineties when this whole K through 12 of young children will face the universities and we will still have a largely white, largely male faculty.

I would urge the committee to think in that regard of the essential need for access to a graduate education.

Obviously, I feel that we need to get rid of the half-cost provision. That's not new to members of this committee. Representatives of public universities in America have advised the committee in that regard for a number of years. In the State of California, which has access greater than probably any part of the world in terms of public higher education, 90 percent of the students in California are in public universities and colleges—the 106 community colleges and the 19 campuses of the California State University and the 9

campuses of the University of California—and half cost, while it might seem beneficial by some in the private sector toward low-cost institutions, still is a barrier to permitting access when you are only coming from a family perhaps making $5,000 to $6,000 to $8,000 a year in total income with any number of children.

That type of restriction should be eliminated and I would hope that at least we could get the half-cost move to 75 percent of the tuition and fees. I don't think we can compromise the right of qualified students to have access to higher education. It seems to me another major problem that confronts the community—and I have look with interest at the formulas in the Simon bill is the cost allowance for Pell grants for commuting students. As you know, the committee bill or the chairman's bill provides $1,200 if living with parent or guardian. Very frankly, that's too low and our studies show that it's too low by half. It provides $1,600 if you are off campus with either a parent or a guardian or not in institutionally run housing even though off campus and $2,000 for the student residing in institutionally owned, operated or subsidized housing.

I would suggest, Mr. Chairman and members of the committee, that we have one standard for the student living with parent and guardian, we have another standard for the student who is not living with the parent or guardian, whether that student is living off campus or on campus. Realizing the money situation that faces the National Government and the conscientiousness of the members of this committee, I would say that if you are going to have a $2,000 standard for students residing in university facilities, we ought to at least make that for the off-campus student. Very frankly, our studies systemwide as well as in Long Beach, show that it costs substantially more to live in the community in California than it does to live in campus housing largely subsidized over the last 20 years through the college housing program. When you think that in Long Beach, CA one bedroom is going to cost you at least $450 a month, which would get us easily to $4,000-plus a year for [illegible]-month year and that the allowance would be $2,000 and that only 868 of our 32,000 students physically live on the campus, you can realize the type of cost squeeze that confronts students in terms of their access to higher education.

Most of our campuses have inadequate on-campus housing. Some have absolutely no on-campus housing. Within the last 3 years, Long Beach will have doubled its room alone charge, simply because we went ahead to build college housing with no Federal subsidy for off-campus housing. Of almost 50,000—45,000 to 50,000 in the system who are on Pell grants, about 35,000 physically live off campus. So we think that is a subject that does need adjustment by members of the committee.

Now getting back to the total access and need picture, let me just give you my own university's data. We had 16,697 students out of 32,000 apply for aid this year. We had about 7,800 that were unduplicated recipients of various types of aid programs. The rest [illegible] denied aid. We estimate that perhaps 10 percent of them would not have qualified. But even with what some see as a fairly liberal financial aid program for universities that have low cost in terms of their basic fee structure, here we had a situation where half of the people that wanted aid and would have qualified for it could not

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get aid because, very frankly, the money wasn't there in terms of Federal allocation.

When I think of the groups that I mentioned earlier—Hispanics, American Indians, blacks, in particular—that still are proportionately underutilized in terms of their access to higher education, I would hope that the committee could change some of these formulas such as the removal of half cost to raise it, a better off-campus living allowance and a basic entitlement for Pell grants.

I would hope also, Mr. Chairman, that regardless of the Senate action that the House would act this year to set a standard and a benchmark for justice so that when Congress reconvenes that that basic framework could be before the Congress, because millions of Americans and the economic productivity of this Nation is dependent upon continued access to higher education. Thank you very much.

Mr. GOODLING. Thank you, Dr. Horn. In your statement that you made in relationship to entitlement Pell grants, have you thought about a dollar figure relationship. Well, I would hope that whatever the committee decides as the appropriate figure in building on the existing program and adjusting for inflation—and as you know from other testimony, there has been a severe cut in Pell grants because of the failure to readjust. Even in the Simon bill they would not readjust, as I recall, unless inflation was over 3 percent—and I would suggest that the committee might want to look at that and say that, "If inflation is 5 percent within a 2-year period, there ought to be a readjustment." But I would say basically there ought to be a flat grant proposal that would reflect the removal of half-cost and try to adjust the existing program, I would hope, at least by a third, if you are going to face up to an entitlement program. I think that's what it would take if we are going to really get at the access problems that still exist in this country and even exist in a relatively high access State such as California.

Mr. GOODLING. Dr. Howell and Dr. Phibbs did come up to the table. Why don't we hear from Dr. Howell next and then Dr. Phibbs and then we will get to the questions?

[Prepared statement of Dr. Joseph Howell follows:]

PREPARED STATEMENT OF DR. JOE A. HOWELL, PRESIDENT OF CENTRAL METHODIST COLLEGE, FAYETTE, MO

I am pleased and indeed honored to be invited by Chairman Simon and Congressman Coleman to appear before this subcommittee.

I believe that it is important that you understand my background before you hear my suggestions.

For nearly 30 years, I have been in higher education. My primary responsibilities have dealt with the recruitment and retention of college students. My experiences have been at both the undergraduate and graduate levels, as Dean at Emory & Henry College in Virginia, a small, liberal arts college; as Vice-President at Southern Methodist University in Texas, a larger, private university; as Vice-President at the University of South Florida, a large public university; and as President of Central Methodist College, a small, liberal arts college in Missouri. These experiences have given me the broad view of what it really takes to attract students and retain them once they matriculate.

While preparing for this presentation, I reviewed numerous public documents, position papers and articles and discussed the issues of reauthorization with many colleagues. This topic was pursued in depth during the past month by the Independent Colleges and Universities of Missouri, an organization of 24 independent colleges and universities of which I presently am serving as president.

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Considering these experiences, I should like to request that your attention be focused more upon general concepts rather than particular statistical references. I feel reasonably sure that you have already been bombarded with statistical analogies and academic platitudes. I believe that once the general concepts are identified and agreed upon, the formula for implementation will become immediately apparent.

Congressman Simon stated in a letter to me that his major goals were to assure student access to colleges and universities and to improve choices for students from low and middle income families. His desire is to assist the "neediest" students while allowing for maximum flexibility for educational institutions.

Let me say at the outset that I wholeheartedly support these goals and will work to see them realized. However, to accomplish the goals, the most significant factors which must be considered, in my opinion, are choice and retention.

Access is not the problem! In 30 years, I have not known a single student who could not enroll at a college. Our state systems of colleges and universities, the vast community college system, the state grant programs, and the generous institutional financial aid programs of the private institutions have seen to that.

The major problems that we in higher education must take seriously and face are the retention of college students and the education which they must receive while they are in college. With all our high intentions, we have not accomplished this goal. The highest attrition rates occur with first generation college students, students from families with lower incomes, and minority students. This loss of resources, both human and fiscal, is a tremendous drain on colleges and universities and, indeed, the decline of learning skills by those entering colleges and universities is a tragedy.

Without question, the solution to student attrition is to do a better job at matching the right student to the right institution. The analogy of marriage is not an exaggeration. The selection of a college to attend is a personal decision in which the characteristics of the college and the student need to be matched. This "marriage" is even more crucial to first generation college students and students from lower income families.

While larger public institutions are assuredly "right" for some students, just as assuredly private institutions, for the most part considerably smaller, are right for other students. Both types of institutions must remain as viable options.

If student attrition could be reduced by 10 percent, the money saved by colleges and universities, not to mention the money saved in government support, would be truly significant. Of more importance, the increased quality of the learning experiences would be significant.

Therefore, I strongly recommend the following:

1. To provide a true choice of the right institution for every student, we must reduce, not broaden, the margin of difference in cost to the family budget between educational institutions. As I understand it, Congressman Simon's bill will cause this margin to be increased. This will, in effect, eliminate choice. The "needy" students will be at public educational institutions. Only the affluent families will have a choice and these choices will be reduced, for the loss of the needy students would, undoubtedly, mean the demise of many private colleges.

2. Support by the federal government should reward student persistence at the institution of choice. This is perhaps the most important consideration if we are to improve the quality of educational experiences. There are two major reasons for the disproportionately high attrition rates for first generation and needy college students. First is the "mismatch" that frequently occurs between the student and the educational institution. If the choice of college to attend is made primarily on the basis of cost to the family, the "match" is an "economical match" and not an "educational match." I recommend that educational support programs have "built-in" incentives to reward completion of degrees at the same educational institution where the student initially enrolled.

In terms of the quality of the learning experience, the research shows that higher quality learning occurs when students persist through graduation at the same college. In terms of economic considerations, my experience shows that the better the retention, the fewer the dollars that must be spent on recruiting new students.

As an incentive for continuity at the same educational institution, perhaps the student could receive an annual increase in federal assistance, a reduced "pay-back" of loans, or a reduced interest required for loans.

3. I suggest a "forgiveness" clause for those students enrolled in areas crucial to the nation's needs. Many students today are hesitant to enter service-oriented professions because of their perceived inability to earn enough to pay their educational loans.

To increase the number of highly skilled English, science, mathematics, and foreign language teachers to meet the country's needs, we could, perhaps reduce the student's government loan payment by a specific amount for every year that he or she teaches.

I should like to conclude by emphasizing again that access is not the problem. Choice and retention are the problems. At both the undergraduate and graduate levels, the student and his family who make the choice of a college to attend primarily on the basis of educational needs will not only do better, but will remain at the same college through graduation. That student will become a more productive citizen who enjoys a higher quality of life because he has derived the maximum benefits of his college learning experiences.

I invite questions and will be pleased to discuss my remarks. I believe that if we are truly serious about the "back-to-basics" crisis facing our nation today, we should implement programs that speak directly to the substance of "what makes students learn" rather than merely "giving students chances." We have tried the latter and we have failed.

STATEMENT OF DR. JOSEPH HOWELL, PRESIDENT, CENTRAL METHODIST COLLEGE, FAYETTE, MO

Dr. HOWELL. I appreciate this opportunity and have submitted a written statement for your perusal and study.

I would like to sway from that just for a moment or two to talk to this issue because I think it is of such import to the betterment of education of our youth. I do feel it is necessary that you understand from where I come though. My past 30 years have been spent both at the private and public sectors, large and small—Southern Methodist University in Texas, the University of South Florida in Florida, and two small, liberal arts colleges, one of which I am now president of in Missouri, Central Methodist College.

During these 30 years, I have been intimately involved with and supervised both the Upward Bound and Cooperative Education Programs, title III grants and general student recruitment and retention, nontraditional students, commuter students. I have been fortunate to work with all of this group of students.

I would like to say at the outset that I think that if we continue only to speak to access, we will be back each year wondering why we do not have a better educated group of students and, second, why our low-income, minority, and first-generation families are our highest attrition group. We are just missing the bet.

I say this with the conviction that access is not the problem. In the past 30 years, at least in my experience, I have not known one student that could not go to college if they so wanted to. We have assistance throughout the State available to them at a cost which they can afford if they choose. The problem has not been access; the problem has been retention once they get into college.

It seems to me like that if we want to increase our educational quality, we must, in some way, through this bill speak to retention. I would like to speak to that briefly.

The theory of choice speaks directly to retention in that selection of college by families and young persons regardless of the numbers that we try to deal with gets down to a personal decision. The personal decision hopefully matches the characteristics of the student with the characteristics of the institution and, if properly matched, they succeed. It's just that simple.

If they are mismatched, they tend to fail. My point that I would like to emphasize is that if, in some way, through the Simon bill or any other authorization bill that we consider we could speak to this

choice and retention a bit more than just to access, that in the long run, we would save money and have a much better educated populace.

Based on these short remarks supported by my statement, I would like to recommend the following three suggestions and, hopefully, have some dialog with some of you.

Regardless of the bill and how it reads, as I read the Simon bill, it seems that it will broaden the margin between the cost to the family to select the college of their desire if this margin has been broadened to their budgetary costs, it seems to me that we will force more and more needy students into the public arena and out of the private arena.

If this be the case, we will not only mismatch more students, but, in effect, actually find the demise of many of the private colleges due to the shortage of students. This would be a tragedy.

Second—and I want to emphasize this more than anything that I have said—I wish in some way we would talk to the persistence of a student once they enter college. Research proves and it has been shown that if a student will spend their 4 years at the undergraduate level and whatever years they spend at the graduate level in the same institution and gain the full effect of that institution, the quality of their education will increase. Institutions are built that way. They are built to allow maturity and to help students actually flourish as they grow in age and in substance and in the pursuit of ideas.

So far, all that we are doing is encouraging students to get into college and then we leave it to the institution to keep them there. I would like somehow to see an incentive award given to students who do choose the right college and then stay. A retention award, if you will, could be built in in many ways. It might be an increase in grant for each sucessive year you are in the college. It might be a reduction in loan. It might be a reduction in the interest paid on the loan. The point being, it would encourage retention. That, I think, is a key point to increase the education of our youth.

Third, I would suggest that some type of forgiveness clause be built in for students who we would like to enter the crucial areas of need in our Nation. There is no shortage of students who would like to teach in the sciences and math. The shortage is that they can't earn enough money to pay back the loans that they will have to take to get through their college education. Consequently, they immediately think more to the fields of higher paying entering salaries. Just this past week, I talked to a student on our own campus that talked of a high desire to teach math and science in the high school, but in his own way he said, "I will have to go into engineering because I will have to borrow throughout my career and I just won't be able to pay it back on a teacher's salary."

There's no hesitancy to want to teach or want to take the beginning salary of a teacher. The hesitancy was, "I can't afford to pay my loan back and I know that now I must go into a different field." I don't think this is an atypical example. I see too many young persons who are still service-oriented who still want to serve their community in some way.

Finally, I would like to emphasize the fact that the personal decision that goes into selecting the college of one's choice based on

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one's needs—this whole special emphasis to the first-generation families and the more needy families. Let me give one example which was vividly brought home to me this past week. We had the Honorable Shirley Chisholm on campus as a visitor and it just so happens that a week prior to this our student government had their election and elected a president who happened to be a black female. This young girl came from a, figuratively speaking, "dirt poor background, full needs student," if we can use the Pell jargon. She selected our college because of its size, because, as she said it, "It gave her more personal attention."

She was talking to Ms. Chisholm as we matched them at dinner—a perfect role model for our young, black girl getting ready to graduate in a year—and she said, "One of my friends went to a larger institution in the state." She was not criticizing the institution. She just mentioned that it was so large that she just couldn't cope with the difference. She said, "I feel fortunate to have been able to come to a smaller institution."

I say this in no way in disparagement of the larger institutions. I just say it in support of the proper match. So I conclude by saying that if in some way we can emphasize choice in reference to match the right student to the right institution, be it public or private, large or small, depending on the person's needs, I think that our retention will follow and, in that way, our quality of education will go up and we will not be fighting this "back to basics" crisis in which we are so caught up now across our country.

I would be glad to answer any questions and hope we have some. Thank you.

Mr. OWENS. Thank you, Dr. Howell. It appears that there are some serious pressures on members this morning forcing us to musical chairs with the Chair.

Our next speaker will be Dr. Edward Bloustein from Rutgers University, NJ. Introducing him will be my distinguished colleague from New Jersey, Mrs. Roukema.

Mrs. ROUKEMA. Thank you, Congressman Owens. I want to personally greet Dr. Bloustein and to inform my colleagues that until Dr. Bloustein came to New Jersey, for too long Rutgers University and higher education in New Jersey had not had the proper focus of attention that it should have had. But with his appointment in 1971, he brought not only energy and dedication, but also creativity to that position.

While president of Rutgers University, he has recently been appointed a blue ribbon committee to study how to obtain $3 million in new funding for Rutgers to upgrade its overall academic structure. I think Dr. Bloustein has noted that, quote, "The gamble on state and federal funds to meet operating costs and capital expenditures over the next 10 years could not continue." He cochairs a blue ribbon commission appointed by Governor Kean to boost high technology, research, and job development in New Jersey, including the establishment of a world-class center in biotechnology at the university in conjunction with the University of Medicine and Dentistry of New Jersey.

He is here today not only in his capacity as an outstanding educator, but also as chairman of the National Association of State Universities and Land Grant Colleges. It is my honor and privilege

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to greet you, Dr. Bloustein. You should know that your statement will be included in full in the record of the committee hearings and now we turn the floor over to you.

[Prepared statement of Dr. Edward A. Bloustein follows:]

PREPARED STATEMENT OF EDWARD J. BLOUSTEIN, PRESIDENT, RUTGERS, THE STATE UNIVERSITY OF NEW JERSEY; AND CHAIRMAN, NATIONAL ASSOCIATION OF STATE UNIVERSITIES AND LAND-GRANT COLLEGES

Mr. Chairman, I begin by thanking the Commitee for inviting me to discuss with you a major project on the future of the state research universities. It is a project I am directing as Chairman of the National Association of State Universities and Land-Grant Colleges.

We are undertaking the first major study of the state universities in at least two decades; in a sense. however, it is the first attempt to reexamine and restate the mission of the land-grant colleges and universities to be undertaken since the origin of those institutions in the Morell Act of 1864--the first attempt to restate their mission in over a century.

There are three parts to our program: First, we have commissioned, for completion by June 1, 1984, a series of working papers to be prepared by leading scholars in the field. Each of the papers concerns an issue which is central to the mission of the state universities and land-grant colleges. (A list of the papers and their authors is enclosed with the testimony.) The second part of our project, involves the use of these papers in a series of five regional conferences to be held during the Fall, Winter and Spring of 1984-1985. They will be co-sponsored by NASULGC, the National Governors' Association, and the National Conference of State Legislatures.

The third phase of our task will take place at a wrap-up

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conference of national dimensions, to be held in the Fall of 1985. It will be dedicated to a restatement of the mission and purpose of the state research universities. I would hope that the members of this Committee, as well as other members of the Congress, and state legislators will join the educational community at this national conference to arrive at a national consensus concerning the future of the one institution which is unique to American higher education, the state research university.

You will be interested to learn that the Ford Foundation has agreed to fund the first and third parts of this effort and some funding has been received from The Johnson Foundation of Racine, Wisconsin, for the second part.

My purpose this morning is to review for you the background and some aspects of the conceptual basis of our study. I will then undertake to suggest what its relationship is to the legislation currently under consideration in this Committee. It may well be that the resolution of some of this Committee's concerns, including the legislation you you are currently considering, will be advanced by our project, especially by our final national conference. We hope, therefore, that we may keep in close touch with the Committee and its staff as we proceed, thereby maximizing the effectiveness of our work, and-- if it is not too presumptuous of me to suggest it--thereby also advancing the work of this Committee.

Let me turn now to what lies behind our Study. Since World War II, and at a pace which has been intensifying each year during, at least, the past twenty years, the state research

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universities have experienced at least three conspicuous changes which have had substantial effects on the institutions themselves, on those they serve, and on those who provide them with their financial support.

First, although they, like many other colleges and universities, have grown. their growth has been at a more accelerated pace than is the case in most other types of institutions. State universities have increased greatly in enrollment, in the size of their faculty, in the scope of their programs, and in the magnitude of their physical facilities. Looking at enrollment alone, from 1960 to 1980, these institutions more than doubled from 1,000,000 to 2,150,000.

More startling than enrollment growth, have been changes in the academic quality and character of what these institutions do. These changes in the quality and character of their programs have flowed directly from the increased importance state universities began to attach in this period to their research, graduate education, and professional training programs. Whereas they were at one time predominantly institutions for undergraduate study, with a smattering of research, graduate, and professional programs, during the period since World War II, this emphasis was virtually reversed. With the reversal came substantial improvement in the quality and level of training of faculty. Measured by the academic qualification of their faculty, the magnitude and sophistication of the research they undertake and the portion of it which is externally funded, measured by published research, by the multiplication of the number of post-

baccalaureate programs and students. and by the growth of libraries and laboratories, measured by all these factors the state universities of the 80's are vastly different from the institutions they once were.

Indeed, their research mission has come virtually to define them, and the centrality of this mission has. in turn, even begun to influence powerfully the character of the curriculum they provide for undergraduates. which, itself. was once their hallmark. Thus, the first of the underlying developments in the state universities which must be looked at closely. and which forms the background of the study we are undertaking, is the increasing power of research, graduate education. and training in the learned professions to define and dominate our state universities.

A second metamorphosis of the educational landscape which sets the background for our Study of state universities is the transformation which has taken place in other segments of higher education. Whereas, at one time in most states, the state university was the only public institution in which one could undertake an undergraduate liberal arts program of study, the post-Second World War period has seen the role they performed in this respect sharply curtailed. A whole new two-year college system. a transformation of the system of state teacher colleges or "Normal schools into one of 4-year liberal art colleges, and growth and/or change in much of the independent sector; must be taken account of in assessing the future of state universities.. In 1960, community colleges enrolled 400,000 students; in 1980, they enrolled 4,330,000. During the same period state college

enrollment grew from 750,000 to nearly 3,000,000 and private sector enrollment rose from 1,470,000 to 2,640,000.

The transformation of the rest of the higher education landscape has affected powerfully both the nature of the student body, as well as the public service mission of the state university. The community and the state colleges now enroll many of the undergarduates who would have formerly enrolled in the state universities. In turn, the state universities now have the option of markedly increasing the proportion of the best of the available high school graduates they enroll. Increasingly, this more academically select and qualified student body turns out to be headed for graduate and professional education, and increasingly, as well, it is recruited on a national, even international basis.

Public service, which was once the near exclusive purview of the state university, is now shared widely with all other segments of higher education. The community and state colleges have adopted much of the previous training mission of the state universities at the non-credit and less than baccalaureate level. Likewise, large and small private institutions alike, in search of financial support given at the federal and state levels for this purpose, as well as in the attempt to maximize the benefit to be derived from their research efforts, have now incorporated into their missions many aspects of the public service role formerly undertaken by state universities.

Besides the new centrality of reasearch in state universities, and the emergence or change in other sectors of higher education, a third factor--the development of a

multiplicity of funding sources-- has also been at work in transforming the state university system.. Federal financial support of research programs to help stimulate industrial growth and provide for defense preparedness has been awarded without regard to whether an institution was state supported or independent. It accelerated the trend towards concentration on research which was already at work in the state universities, and as important, it vastly expanded the non-state resources expended within those universities. Whereas they were once supported almost exclusively by one source of tax dollars, they now had two such sources.

On the other hand, federally supported student aid programs undertaken since the end of World War II have not only expanded the proportion of federal dollars in state university budgets, they have also begun to bring a significant proportion of tax dollars into the budgets of independent colleges and universities. In 1960, the U.S. Office of Education had $25 million available in student aid; in 1980, the same figure was $5.6 billion, granted without regard to the public or independent status of the institution at which a student is enrolled.

The extensive investment of tax dollars into the budgets of independent institutions has also taken place at the state level, where grants of state tax dollars, like those at the federal level, have been made in order to provide students with freedom of choice of enrollment as between public and independent institutions. The vast increase in federal and state student tuition assistance programs, and the enormous federal expenditure

for research, must be seen in the further context of state programs of direct institutional aid to independent institutions, and in the context as well, of the tax benefit afforded to public and independent institutions alike by a tax system which provides that charitable gifts are given on and university endowment earns income on a tax free basis. What an immense change there has been in the source of funds to support state universities and other institutions of higher education!

To be sure, there was a time when the state universities were almost predominantly state funded, and when they received few federal tax dollars, either directly or as a result the tax benfits of private giving and non-taxable earnings on endowment. This was also a time when tuition at public institutions was low or non-existent, and when independent institutions had little or no state or federal support, directly or indirectly. How times have changed!

Typically, state universities now receive only 20 to 40 percent of their support from state revenues, with the remainder divided between fees--now frequently above 30% of educational cost-- and federal or private sources. Typically independent universities now receive as much as 20 to 30 percent of their support from state and federal revenues, with the remainder divided between fees--which constitute as a percentage of their budgets only some 13% more than they do in state university budgets-- and federal indirect support through gifts and endowment, or private contract support. Surely it is time to ask what the implications for the planning and financing of higher education at the state and federal level are of these dramatic

ways in which the income side of the higher education budget has changed.

To summarize, changes in the state universities of this Nation which have been taking place for more than 20 years at a constantly accelerating speed urgently require that we reach informed and widely agreed upon conclusions to at least the following questions:

1. What is the appropriate role of research, graduate education, and professional training in contemporary state universities, and what implications do the changes in this respect have for their planning, financial support, and accountability?

2. What kinds of students should they enroll?

3. What is the special public service role of state universities, and how does this into the rest of their mission, and how is it distinguishable from that of independent universities?

4. Who should pay and who should benefit at the state university from this new mix of research, graduate education, and professional training? And how should their increasing reliance on student fee monies and tax supported voluntary giving affect institutional planning, governance, and public accountability of, and public responsibility for, state universities?

5. What are the implications for public comprehensive research universities of the convergence of their

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missions with that of independent comprehensive research universities, of the increasing levels of state and federal subsidization of those latter universities, and of the relatively recent emergence of the community and state college systems?

Members of the Committee, you are about to fashion a reauthorization of the Higher Education Acts. In view of my testimony here today I urge that you not merely patch and fill the existing body of legislation; I urge, instead, that you rethink the fundamental characteristics of the federal role in higher education. Such a radical new look is necessitated, if for no other reason, by the changing character of the state universities, which are today, in fact, really state-federal universities and which constitute so important a part of the national higher education scene.

The familiar world of higher education you and I once knew, in which privately supported colleges and universites, local and national, were to be sharply distinguished from publically supported state and community colleges and universities is a thing of the past. There is now an entirely new, and much more complex higher education landscape. It requires a completely new pattern of federal support.

I hope it is not too presumptuous of me to suggest the possibility of this Committee joining in the sponsership of the study of state universities which I have described in my testimony here today. I believe it may afford the Committee an important perspective in which to view the entire higher

will continue to allow us to provide you with the results of our inquiry, and that you will join us at the national conference we will be holding.

I wish to thank the Committee for allowing me the opportunity to review our project and its relationship to the reauthorization of H.R. 5240. I will be pleased to attempt to answer any questions you may have.

The NASULGC Ad Hoc Committee on the Future of the State Universities

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ISSUE PAPERS FOR THE NASULGC PROJECT ON THE
FUTURE OF THE STATE UNIVERSITIES

1. Research, graduate and professional education:

a. A justification for the powerful commitment to research, graduate education, and professional training that these state universities have assumed in the period since World War II.

Author: David S. Saxon, Chairman, the MIT Corporation.

b. The stake of the states, individually and collectively, in research, graduate education and advanced professional training.

Author: Richard Van Horn, Chancellor, University of Houston.

2. Selectivity, diversity, and equity:

In the formation of undergraduate and graduate student bodies in a state research university, particularly considering the expansion of public two-year and four-year colleges, what mix of selectivity, diversity and equity is appropriate? If these state research universities constitute a significant and homogeneous class, can there be some reciprocity among states for undergraduate or graduate student acceptance?

Author: Sandy Astin, Professor, Graduate School of Education and Director of the Higher Education Research Institute, University of California, Los Angeles.

3. Undergraduate education:

For many, undergraduate education at state research universities is preparation for graduate study or professional training while for others it is the final level of formal education. From the states' point of view, undergraduate education is provided in response to public demand for both personal and social benefit. Is it possible to formulate a coherent statement of these educational purposes?

Author: Sheldon Rothblatt, Chairman, Department of History, Professor of History, University of California, Berkeley.

4. Public service:

   a. What are the special responsibilities of the state research university to the state which supports it?

   Author: Ronald Roskens, President, University of Nebraska. Chairman-elect, American Council of Education.

   b. In the era of science based industries, what responsibilities should state research universities assume for continuing education in the professional and highly technical occupations and for extension of research results to private industry?

   Author: Barbara Newell, Chancellor, Florida Board of Regents.

   c. What is the rationale for the international public service role of the state universities?

   Author: C. Peter Magrath, President, University of Minnesota.

5. What is the future special teaching, research, and public service mission of the historically black public university with a research and extension obligation?

   Author: Ivory Nelson, Executive Assistant to the Chancellor of Texas A & M University and former Acting President of Prairie View A & M University

6. Who pays, who benefits, and who is accountable to whom?

   a. Because of the multiplicity of funding sources and the variety of modes of funding, there is confusion about responsibility for sustaining the state research universities as institutions of scientific research. What is the appropriate distribution of responsibility for direct and indirect costs of research among state, federal and private sponsors?

   Author: Samuel F. Conti, Acting Vice Chancellor for Academic Affairs and Provost, and Dean of Graduate Studies and Research, University of Massachusetts.

   b. Costs of education must be paid by a mixture of public and private support, together with student fees and opportunity costs. What is a reasonable distribution of the burden of costs among these sources as well as the distribution of subsidies among students in order to assure equitable access of qualified people?

   Author: Charles E. Bishop, President, University of Houston Systems.

c. The multiplicity of funding complicates the stream of accountability and control. What are reasonable expectations for sponsors and reasonable responsibilities for trustees and administration of these complex institutions?

Author: David A. Wilson, Professor of Political Science, University of California, Los Angeles. Senior Associate at the Center for the Study of Higher Education, University of California, Berkeley.

d. What is the rationale for the state university's aggressively seeking new support from private and corporate philanthropy?

Author: Joseph Pettit, President, Georgia Institute of Technology.

7. What are the implications for the classic distinction of public and private educational institutions of the convergence of mission and the federal and state subsidization of independent universities?

Author: Robert Rosenzweig, President, Association of American Universities.

STATEMENT OF DR. EDWARD A. BLOUSTEIN, PRESIDENT, RUTGERS, THE STATE UNIVERSITY OF NEW JERSEY

Dr. BLOUSTEIN. Thank you, Mr. Chairman, Mrs. Roukema. Thank you very, very much for those kind words.

Mr. Chairman and ladies and gentlemen of the committee, I would begin by thanking you for this opportunity to discuss with you a major project on the future of the State research universities. It's a project that I am directing as chairman of the National Association of State Universities and Land Grant Colleges.

Actually, we are undertaking the first major study of State universities in at least two decades. In a sense, however, it is really the first major study of the land grant college system since its origins over a century ago in the Morrill Act of 1864. This will be the first attempt in over a century to restate the mission of State universities in these United States.

There are three parts of the program we are undertaking. First, we have commissioned for completion by June 1, 1984, a series of papers to be prepared by leading scholars in the field on issues which are central to the mission of State universities and land grant colleges. A list of the papers and their authors is appended to the written copy of my testimony.

The second part of our project involves the use of these papers in a series of five regional conferences throughout the United States to be held in the fall, winter and spring of 1984-85. They will cosponsor NASULG—that is not a sneeze, but the acronym for our association—and the National Governors' Association has agreed to cosponsor the conference as has the National Conference of State Legislatures.

The third phase of our task will take place at a wrapup conference of national dimensions to be held in the fall of 1985 and it will be dedicated to a restatement of the mission and purpose of State universities. I would hope that members of this committee will join us at that national conference and that other Members of Congress

will as well. There will be State legislators, educators and, for the first time, I would hope, we would be able to arrive at a kind of national consensus concerning the future of the one institution which is really unique to American higher education. In other parts of the world, there are universities, there are undergraduate colleges, there are every variety of college. The State university, that land grant system of ours arising out of the Morrill Act is really a unique institution in all of higher education.

Now you will be interested to hear, as I have been, that we have sufficient funding for this ambitious project and we are not here to seek it. The Ford Foundation has agreed to fund the first and third parts of the effort and we have also received funding from the Johnson Foundation in Racine, which will arrange for the second part and we have very good prospects for another major grant to complete our funding package.

My purpose this morning is really to review with you the background and some of the conceptual perspectives behind our study. I would like then to suggest, if I may, in very general terms, what its relationship is to the reauthorization process that you are currently involved in. It may well be that the resolution of some of this committee's concerns, including the reauthorization legislation, which you are currently considering, will be advanced by our project, especially by our final national conference.

We hope, therefore, that we may keep in close touch with the staff and with the community itself as we proceed in maximizing the effectiveness of our work and, if you will allow me, perhaps also helping you in your work on this committee.

Let me turn then to what lies behind the study. Since World War II at a pace which has really been intensifying each year, over the past 20 years at least, the State research universities have experienced at least three conspicuous kinds of changes which have really changed them and the character of all of the educational systems in our Nation.

First, although the State universities, like many other colleges and universities have grown, the pace of their growth is much, much greater than you will find in most other institutions. State universities have increased greatly in enrollment, in the size of their faculty, in the scope of their programs and in the magnitude of their physical facilities.

Looking at enrollment alone, from 1960 through 1980, these institutions more than doubled from 1 million to 2,150,000 enrolled students. But more startling than this enrollment growth have been changes in the academic quality and character of what these institutions do. These changes in the quality and character of their programs have flowed directly from the increased importance State universities have begun to attach in this period to their research, graduate education, and professional training programs.

Whereas State universities were at one time predominantly institutions for undergraduate study with a smattering of research, graduate, and professional programs, during the period since World War II, this emphasis has been virtually reversed. With the reversal has come substantial improvement in the quality and level of training of faculty measured by academic qualification of their faculty, the magnitude and the sophistication of the research they un-

dertake, and the portion of it which it externally funded, measured by published research, by the multiplication of the number of post-baccalaureate programs and students and by the growth of libraries and laboratories. Measured by all of these factors, the State universities of the eighties are vastly different kinds of institutions from the institutions they once were.

Indeed, their research mission has come to supplant their undergraduate teaching program in defining them and the centrality of that mission, in turn, has begun to very substantially influence the nature of undergraduate training.

Thus, the first of the underlying developments in the State developments which must be looked to carefully and which forms the background of the study we are undertaking is the increasing degree to which research, graduate education, and training in the learned professions characterizes and colors all other aspects of the program of our State universities.

A second metamorphosis of the educational landscape which sets the background for our study of State universities is the transformation which has taken place in the other types of colleges and universities in the country. Whereas at one time, in most States, the State university was the only public institution in which one could enroll in an undergraduate liberal arts program of study, the post-Second World War period has seen that role change radically. A whole new capability for providing undergraduate education has emerged. The 2-year college system, a transformation of the system of State teacher colleges or normal schools into one of 4-year liberal arts colleges and growth and/or change in much of the independent sector has begun to serve needs for undergraduate education as never before.

In 1960, community colleges enrolled 400,000 students. In 1980 they enrolled 4,330,000 students. During the same period, State college enrollment grew from 750,000 to nearly 3 million and private sector enrollment rose from 1,400,000 to 2,600,000. The transformation of the rest of the higher education landscape has affected powerfully both the nature of the student body as well as the public service mission of the State university.

The community and the State colleges now enroll many of the undergraduates who would have formerly enrolled in the State university. In turn, the State universities now have the option of markedly increasing the proportion of the best of the available high school graduates they enroll. Increasingly, this more academically select and qualified student body turns out to be headed for graduate and professional education and increasingly, as well, it is recruited on a national and even an international scale.

Public service, which was once the near-exclusive purview of the State university is now shared widely with all other segments of the higher education community. Community and State colleges have adopted much of the previous training mission of the State universities, of the noncredit and less than baccalaureate level. Likewise, large and small private institutions alike, in search of financial support given at the Federal and State levels for this purpose, as well as in the attempt to maximize the benefit to be derived from their research efforts, have now incorporated into their

missions many aspects of the public service role which formerly was undertaken almost exclusively by State universities.

Beside the new centrality of research in State universities and the emergence of new, and in a sense, competitive types of institutions of education, a third factor, the development of a multiplicity of funding sources, has also been at work in transforming the State university system.

Federal financial support of research programs to help stimulate industrial growth and provide for defense preparedness has been awarded without regard to whether an institution was State-supported or independent. It accelerated the trend toward concentration on research which was already at work in the State universities and, as important, it vastly expanded the non-State resources expended within these universities. Whereas once State universities were supported almost exclusively by State tax dollars, they now have two major sources of funding—State and Federal tax dollars.

On the other hand, federally supported student aid programs undertaken since the end of World War II, as this committee well knows, have not only expanded the proportion of Federal dollars in State university budgets, they have also begun to bring a significant proportion of tax dollars into the budgets of independent colleges and universities.

In 1960, to give you a sense of the dimension of this, as you know, the Office of Education reported $25 million available in student aid. In 1980, that figure is $5.6 billion—granted, I note, without regard to the public or independent status of the institution of which the student is enrolled.

The extensive investment of tax dollars in the budgets of independent institutions has also taken place at the State level where grants of State tax dollars, like those at the Federal level, have been made in order to provide students with freedom of choice of enrollment as between public and independent institutions.

The vast increase in Federal and State student tuition assistance programs and the enormous Federal expenditures for research must be seen in the further context of State programs of direct institutional aid to independent institutions, and in the context as well of the tax benefit afforded to public and independent institutions alike by the Federal tax system which provides that charitable gifts are given on and university endowment earns income on a tax-free basis.

What an immense change there has been in the sources of funds to support state universities and other institutions of higher education. There was a time when State universities were predominantly State-funded and when they received few Federal tax dollars, either directly or as a result of the tax benefits of the private giving and nontaxable earnings on endowment. This was also a time when tuition at public institutions was low or nonexistent and when independent institutions had little or no State or Federal support directly or indirectly. How times have changed

Typically, State universities now receive only 20 to 40 percent of their support from State revenues, with the remainder divided between fees—now frequently above 30 percent of cost—and Federal or private sources. Typically, independent universities now receive

as much as 20 to 30 percent of their support from State and Federal revenues, with the remainder divided between fees, which interestingly enough, constitute as a percentage of their budget only some 13 percent more than that percentage in the budget of State universities. These independent colleges also receive Federal indirect support through gifts and endowment or private contract support.

Surely it is time to ask what the implications for planning and financing of higher education at the State and Federal level are of these dramatic ways in which the income side of the higher education budget has changed.

To summarize, changes in the State universities of this Nation which have been taking place for more than 20 years at a constantly accelerating speed, urgently require that we reach informed and widely-agreed upon conclusions to at least the following questions. What is the appropriate role of research, graduate education and professional training in contemporary State universities? What implications do the changes in this respect have to their planning, financial support and accountability.

Second question, what kind of students should they enroll enroll? Third question, what is the special public service role of State universities and how does it fit into the rest of their mission and how, if at all, is it distinguishable from that of independent universities?

Fourth, who should pay and who should benefit at the State university from this new mix of research, graduate and undergraduate education and professional training and how should their increasing reliance on student fee moneys and tax-supported voluntary giving affect institutional planning, governance and public accountability of and public responsibility for State universities?

Fifth, what are the implications for the public, comprehensive research universities of the convergence of their mission with that of the independent, comprehensive, research university? What is the implication of the increasing levels of State and Federal subsidization of independent universities and of the relatively recent emergence of the community and State college system?

Members of the committee, you are about to fashion a reauthorization of the Higher Education Acts. In view of my testimony here today, I urge that you not merely patch and fill the existing body of legislation. I urge instead that you rethink the fundamental characteristics of the Federal role in higher education. Such a radical, new look is necessitated, if for no other reason, by the changing character of the State university system which is so important a part of the national educational matrix.

Really today those State universities are State/Federal universities and not State universities alone and they constitute so important a part of the national educational scene as to require you to relook at the entire role of the Federal Government in their funding and their planning.

Members of the committee, the familiar world of higher education you and I once knew in which privately supported colleges and universities, local and national, would have been sharply distinguished from publicly supported State and community colleges and universities is a thing of the past. It's a figment of the past.

There is now an entirely new and much more complex, higher educational landscape. It requires a completely new pattern of Federal support. I hope it's not too presumptuous of me to suggest the possibility of this committee joining in the sponsorship of the study of State universities which I have described in my testimony today.

As I told you, the National Governors' Conference and the National Conference of State Legislatures has already agreed to sponsor our program. I would hope that this committee might also become a sponsor.

I believe such sponsorship may afford the committee an important perspective from which to view the entire higher educational scene. At the very least, I hope you and your staff will continue to allow us to provide you with the results of our inquiry and that you will join us and State legislators from throughout the Nation at the national conference we will be holding in the fall of 1985.

Dr. BLOUSTEIN. Mr. Chairman and members of the committee, I am very, very thankful again to you for allowing me to review the project of the National Association of State Universities and Land Grant Colleges with you and to explain what we think its relationship to the reauthorization of H.R. 5240 might be.

Obviously, I would be pleased to answer any questions you might have. Thank you very much.

Mr. OWENS. Thank you, Dr. Bloustein. I hope you will stay until we have heard the other panel members testify.

Dr. BLOUSTEIN. Yes, I will.

Mr. OWENS. Dr. Phibbs, we'll hear from you now.

STATEMENT OF DR. PHILIP PHIBBS, PRESIDENT, UNIVERSITY OF PUGET SOUND, TACOMA, WA

Dr. PHIBBS. Mr. Chairman, my name is Philip Phibbs. The University of Puget Sound is an independent, undergraduate institution with 2,700 students. We also have a graduate program in law. I am a past chairman of the National Association of Independent Colleges and Universities. I am also currently the chairman of the Public Policy Committee of the United Methodist Schools and Colleges. I have not had an opportunity today with either of these organizations so I speak only on behalf of my own institution.

I would prefer not to read my testimony to you, but I would ask that it be entered into the record in its entirety and I would like simply to speak from my written comments.

Mr. OWENS. Yes, Dr. Phibbs. Your entire testimony will be entered into the record.

[Prepared statement of Dr. Philip Phibbs follows:]

PREPARED STATEMENT OF PHILIP M. PHIBBS, PRESIDENT, UNIVERSITY OF PUGET SOUND, TACOMA, WA

Mr. Chairman and members of the Subcommittee on Postsecondary Education, my name is Philip M. Phibbs. I am the President of the University of Puget Sound in Tacoma, Washington. The University is an independent institution with 2700 undergraduates and a graduate program in law. I am also a past Chairman of the National Association of Independent Colleges and Universities (NAICU) and I currently serve as Chairman of the Public Policy Committee and Vice President of the National Association of United Methodist Schools and Colleges.

There has not been sufficient time since I received the invitation to participate in these hearings for me to circulate my comments to my colleagues in either organiza-

tion. I speak, therefore, only on behalf of my own institution, although I believe my views reflect the concerns of many of my colleagues in the other two organizations.

Earlier this year when discussion of the reauthorization of the Higher Education Act began, Congressman Paul Simon, Chairman of this Subcommittee, urged members of the higher education community to "dream" boldly rather than merely to "tinker" with the provisions of the existing legislation.

I agree wholeheartedly with the Congressman's sentiment and I have sought to respond accordingly.

During the past decade, there have been dramatic changes in higher edcuation. Those changes and their implications must be carefully considered if we are to develop a reauthorization bill which will respond effectively to the realities of the 1980s.

The most significant of those changes is also the least discussed.

During the past ten years or more, inflation has forced independent institutions annually to raise their tuition and in substantial amounts. During this same period, ever-growing state subsidies for the operating costs of the public colleges and universities enabled those institutions to keep their tuition comparatively low.

In the State of Washington, for example, the tuition at the two leading independent institutions, Whitman College and the University of Puget Sound, increased in constant (not inflated) dollars by $500 from 1971 to 1980. During the same period the tuition at the two major public universities actually declined in constant dollars by $35. (The contrast is, of course, even more dramatic if the comparison is made in inflated dollars.)

The prospect is equally, if not more, bleak for the future.

The Council for Postsecondary Education, our statewide coordinating body for higher education, recently completed a study on future tuition levels in the State. The Council estimates that the tuition gap between public and independent institutions, which in 1982 averaged $3,616, will rise to $7,153 by 1990.

In other words, the choice of attending (or the access to) an independent institution in the state of Washington cost the student an additional $3,616 in 1982. By 1990, that same access will require $7,153 more from a student than if he/she were to attend one of the public universities.

The State of Washington is not unique in this respect; it is typical.

The rising tuition gap is the single most important fact of higher education in the 1980s. If we do not address it and its implications in the reauthorization legislation, we shall be ignoring a fundamental and ominous reality with serious consequences for higher education in the years ahead.

There are two obvious and very substantial implications of the growing tuition gap.

First of all, many students who now have an opportunity to choose that institution, independent or public, large or small, rural or urban, which most effectively meets their individual needs will lose that choice. Increasingly, ours will become a segregated system of higher education with the poor and the minority students limited to the public colleges and universities.

We in the independent sector do not want this to happen. It will change the character of our instituions and diminish the value of the education we offer. We do not believe it will be good for the nation or for students—any students.

In this connection, it is important for us to remember the diversity to be found in independent institutions at this time. Independent colleges and universities are not now the exclusive home of the wealthy and the white in the country—to the contrary. Three examples illustrate this fact vividly.

A study in the State of Washington revealed a few years ago that the average family income for students who attended the two major public institutions in the state was $1,000 more than the average family income for students attending independent institutions in the State.

Similarly, a significantly higher percentage of students attending independent institutions in the State of Washington are employed, during the term and during the summer, than are the students attending the two major public institutions.

Finally, sixteen percent of the total enrollment in the independent sector of higher education in the United States is composed of minority students. (I should note parenthetically that the comparable figure for the public sector is only slightly higher, eighteen percent.)

My point is simple. American higher education has traditionally been characterized by great diversity. Different institutions have offered different possibilities and responded to the needs of different students. We want that condition to continue. It cannot, however, in the face of an ever-rising tuition gap, particularly when that

fundamental problem is compounded by other important developments. These include, and I shall simply list them:

(1) The decline in the size of the 18-year-old age cohort;

(2) The changing ethnic and economic composition of that group;

(3) The expansion of public institutions, in size and especially in their off-campus programs; and

(4) The aggressive move by the public institutions into fund-raising (the traditional source of support for independent institutions to counter the state subsidies for the public institutions).

All of these developments are changing the context of higher education and, in each instance, to the enormous disadvantage of the independent institution and the student who wishes to study at one of these institutions.

This leads to the second implication of the ever-widening tuition gap. If serious attention is not given to this matter, many independent institutions, in the future, will not be able to attract sufficient students to survive. The cost to the nation and to the taxpayer will be substantial because all of those students who would otherwise attend an independent institution will have to be educated, at considerably higher cost to the taxpayer, at public institutions.

This is the situation we confront as we consider reauthorization. It deserves serious, thoughtful consideration and creative thinking. Simply tinkering with current legislation will not suffice.

By and large, I believe the issue of access to higher education has been and can continue to be addressed at the state level through the low tuition at public colleges and universities which is made possible by massive subsidies from the taxpayer. Choice, and with it access to many important educational options, however, receives no attention at this level. It should, therefore, receive the balancing of consideration at the national level.

In other words, federal financial aid policy should compensate in some measure, should be tilted in some significant degree, to insure choice. In this way a dual system of public and independent educational institutions, with both access choice preserved, is provided for the nation. That result serves most decisively the national interest for the competition is healthy, the choice is important, and the cost to the taxpayer and the nation is far less than if we destroy the independent sector and force all of its students into the government-sponsored colleges and universities.

Unfortunately, I do not believe that the provisions of H.R. 5240 effectively address the problem created by the growing tuition gap. I have outlined my concerns in this regard in a letter to Congressman Simon and I should like to request that a copy of that letter be appended to my remarks for the record. I should add that I do endorse enthusiastically the proposal in the bill to continue the campus-based programs and the provisions with regard to student loans.

May I now suggest a way in which reauthorization legislation might address the fundamental issue we confront—the tuition gap—and create a truly national educational policy, one in which state and federal action complement one another to insure both access and choice?

Both the Administration and H.R. 5240 propose a $3,000 Pell Grant maximum award. Within that maximum limit, I urge that a clear distinction be drawn between what I call "hard" educational expenses—i.e., tuition, required fees, books and supplies—and ordinary living expenses which do not represent any additional cost by reason of enrolling at a postsecondary study program.

Once that distinction is made in federal law, a number of possibilities become available to make the Pell Grant program truly price-sensitive, and thereby to make federal student grant policy truly complementary with, and reinforcing of, state policy.

If the Subcommittee should be willing, for example, to take the admittedly difficult political step of resolving the long-standing quarrel over what constitutes a fair and equitable living allowance for higher educational purposes, and establish a uniform allowance of, say, $2,400 a year, or $200 a month, and to mandate that up to 50 percent of that standard living allowance, or $1,200, could be financed from Pell Grant awards, then as much as $1,800 would be available to support hard educational expenses within an overall maximum Pell Grant award of $3,000.

Since hard educational expenses are the marginal costs which students and their families must somehow overcome in order to gain access to the postsecondary study program best suited to their needs and aspirations, it seems both fair and logical to make more than half of those hard educational expenses eligible for coverage from Pell Grant awards. This could mean that up to 75 percent of hard educational expenses, or $1,800, whichever is the leser amount, could be funded from Pell Grants,

in addition to a maximum allotment for ordinary living expenses of up to $1,200 or 50 percent, whichever is the lesser amount.

As the Pell Grant maximum award figure increases above $3,000 during the period of reauthorization, the amount for hard educational expenses would rise accordingly, providing a broader opportunity to respond to the reality of the tuition gap.

I have concentrated in these remarks exclusively on Title IV because of its singular significance. Other sections of H.R. 5240 are, however, also of great importance to higher education in the years ahead. I commend Congressman Simon for his interest and attention to these matters. I endorse particularly the proposals with regard to international education (Title VI). They are addressed to an urgent national problem.

Thank you for this opportunity to present my views. I would be happy to respond to any questions members of the Committee may have.

Dr. PHIBBS. Thank you, sir.

I am going to deal with the question that my colleague from New Jersey just raised. That is the changes that have taken place in American higher education in the past few decades. The changes I see, however, are dramatically different from the changes that he has described. It may be related in some measure to the fact that mine is an undergraduate institution and not a research university. It may also be related to the peculiar nature of State funding in New Jersey and the State of Washington.

But I think I speak with considerable accuracy with regard to the concerns of small, independent and medium-sized, independent institutions in the country. During the course of the past decade, we have experienced one fundamental fact which we think forces the Federal Government to reexamine its role in higher education. Here I am in agreement with Dr. Bloustein. I do think that a reexamination is needed of the Federal role, but I see a different problem that needs addressing.

During the past decade, independent universities have been forced annually to raise their tuition levels as inflation pushed costs up. During this same period, most State universities and colleges receive ever-larger State subsidies and, therefore, could keep their tuition relatively low. As a result, an enormous gap has grown between the tuition in an independent institution and a public institution. All indications suggest that this gap is going to grow in the future and this becomes a matter of concern to us if we wish to preserve a dual system of independent and State institutions in this country.

Let me give you two examples of the meaning of that tuition gap. In the State of Washington, from the years 1971 to 1980 in constant dollars, the tuition at the two leading private institutions or independent institutions went up by $500 in constant dollars. During those same years, the tuition at the two State universities declined by $35, again, using constant dollars.

The future is even more ominous. The council for postsecondary education, which is our statewide coordinating body for all higher education in the State in 1982 did a study of tuition levels and future tuition levels in the State. They noted that in 1982 the tuition gap between the tuition which the private institutions had to charge in order to meet their costs and the tuitions the public institutions charged, given the State subsidies, that this averaged $3,616. They noted that by 1990, that gap would rise to $7,153, which means that if a student wishes to have a choice and attend—

a choice of access—to an independent institution in the State, they must pay $7,153 more than they would pay if they were to go to one of the two public universities.

In this respect, the State of Washington is not unique. It is typical. And this, in my opinion, is the single most important factor if we wish to maintain a dual system of higher education in this country and if we wish to ensure that students have an opportunity to choose that institution which is most appropriate for their particular education needs—a large institution, a small institution, a rural institution, a urban institution, a public institution or an independent institution.

They must have the opportunity to make a choice. If we do not do this, if we do not give attention to this problem, what we will have eventually is a segregated system of higher education with the white and the wealthy attending the independent institutions and the minority students and the poor attending the public universities. Let me emphasize, this is not the case at the moment and we do not want to see this develop because we think it is educationally inappropriate and wrong for all students.

The study in the State of Washington a few years ago revealed that the average family income for students who attended the two major public universities in the State was $1,000 more than—more than—the average family income for students attending independent institutions in the State. We have a more diverse student population.

Second, a higher proportion of our students are employed during term time and during the summer than is the case of the students attending the two major public institutions.

Finally, nationwide, 15 percent of the students attending independent institutions now are minority students. The percentage for public institutions is 18 percent, only slightly higher.

My point is very simple: American higher education has been characterized by a great diversity. Different institutions have provided different possibilities and have responded to different needs of different students. We want that condition to continue. But it cannot in the face of the ever-rising tuition gap, particularly when this development of the tuition gap is compounded by other developments which make the survival of the private independent sector difficult.

The other factors include, of course, the aggressive fundraising by public institutions making inroads into the area in which the independent institutions traditionally have sought support to subsidize their educational costs for their students. In addition, the growth of public institutions and aggressive off-campus activity by them has made it very hard for the independent institution to compete and survive.

This leads, in my mind, to the second implication of the ever-widening tuition gap. The first implication is that we will lose the option of student choice. The second implication is, in my mind, that many independent institutions in the future will not be able to attract sufficient students in order to survive, given the enormous barrier of the tuition gap.

The cost to the Nation and to the taxpayer will be substantial because all of those students that would otherwise an independent

institution would have to be educated at considerably higher cost to the taxpayer at public institutions. So the loss is not merely to the private institution or the independent institution. It is to the Nation and to the taxpayer and to the student.

Now, I think that the issue of access has been and can continue to be addressed at the State level to the low tuition that is charged at public colleges and universities. Choice, and with it access, to many important educational opportunities receives no attention at this level. It, therefore, seems appropriate to me for the Federal Government to try to balance the opportunities made available through the States to the public institution. In other words, Federal financial aid policy should compensate in some measure, should be tilted in some significant degree, to ensure choice and access to the institution of the individual student's choice.

In this way, we can maintain a dual system of public and independent educational institutions with both access and choice preserved. I think that's in the national interest for competition is healthy, choice is important and the cost to the taxpayer and the Nation is far less than if we destroy the independent sector and force all of its students into the government-sponsored colleges and universities.

Now, unfortunately, I do not believe that the provisions of H.R. 5240 effectively address the problem created by the growing tuition gap and I have outlined my concerns in this regard in a letter to Congressman Simon and I have asked that that be attached to the record with my remarks.

[The letter to Chairman Simon from Dr. Phibbs follows:]

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University of Puget Sound

TACOMA WASHINGTON 98416

Philip M. Phibbs
President

February 9, 1984

The Honorable Paul Simon
Chairman, Committee on Education & Labor
The U. S. House of Representatives
320 Cannon House Office Building
Washington, D.C. 20515

Dear Congressman Simon,

I have reviewed the paper which you sent to college and university presidents concerning the reauthorization of the Higher Education Act of 1965. I also had the opportunity to hear you speak at the recent annual meeting of the National Association of Independent Colleges and Universities so I think I understand your ideas. Unfortunately, I fear I am deeply concerned about the thrust of your thinking and the consequences it will in all likelihood produce.

If we wish to preserve a dual system of higher education in America, the elimination of the half-cost limitation on Pell Grants would be an enormous mistake unless the Pell Grant is tied exclusively to tuition. Your proposal lumps in a vaguely defined but ominous category entitled, other educational costs.

Secondly, I am concerned about the Pell Grant Program, as you have defined it, becoming, as you propose, an entitlement. This would mean that if cuts had to be made by Congress in the appropriations process, the non-entitlement programs in education (SEOG, NDSL, and SSIG--or the Campus Based Block Grant which you propose) would be cut. The Campus Based Programs are particularly important for students attending independent institutions. These students, then, face the prospect of losing on two counts in your program--through the definition you give to the Pell Grant Program and through appropriation cuts for non-entitlement Campus Based Programs.

Thirdly, the terms for consideration of reauthorization legislation are too narrowly defined in your paper as they were in your speech.

Higher education has been dramatically affected in the past few decades by the growth of financial aid programs, but it has been even more

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deeply affected by a number of other important developments. The decline in the size of the 18-year-old population, the changing racial and economic composition of that group, the expansion of public institutions in size and especially in their off-campus programs, the aggressive move by the public institutions into fund raising (the traditional source of support for independent institutions), and most significantly, the rapidly escalating tuition gap between public and independent institutions--all of these events have changed the context of higher education and in each instance to the enormous disadvantage of the independent institution and the student who wishes to study at one of these institutions.

This context, radically different from the context of 1965, must be considered when reauthorization is discussed if we wish to preserve an independent sector in higher education. Reauthorization cannot be discussed in isolation; compromises and balances in reauthorization legislation cannot be struck in isolation. Both the discussions and the compromising must take place in this wider context; otherwise the independent institutions and their students will be the loser once again. The cumulative impact of the consequences of all of these changes endangers the survival of an independent sector and this development is a serious and costly prospect for the nation. We need to begin to address this fact and reauthorization is the appropriate--and necessary--moment to do so.

The context for the discussion of reauthorization, thus, is very important; so also is the nature of the concerns addressed. The paper which you sent and the speech which you gave refer constantly to your concern for access. Of equal importance, in my opinion, is a concern for choice.

There is great diversity in American higher education and different institutions offer different possibilities and respond to the needs of different students. We should seek to insure access, but we need also to insure choice, to insure that each student is able to attend that institution which will most effectively respond to his or her needs and develop most effectively his or her individual potential.

By and large, the access issue is addressed at the state level--through low tuition at public colleges and universities which is made possible by massive subsidies from the taxpayer. Choice receives no attention at this level. It should, therefore, receive the balance of consideration at the national level. In other words federal financial aid policy should compensate in some measure, should be tilted in some significant degree, to insure choice. In this way a dual system of public and independent educational institutions with both access and choice preserved is provided in the country. That result serves most decisively the national interest for the competition is healthy, the choice is important, and the cost to the taxpayer and the nation is far less than if we

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destroyed the independent sector and all of its students are forced into the tax-supported colleges and universities.

Thus far, I have spoken critically of your proposals. May I now endorse heartily your ideas with regard to the guarantee student loan program, especially the limitation of loans to need and the provisions for loan consolidation? I am also delighted that you would preserve the Campus Based Programs.

There are two other ideas which I urge you to consider. The cost of education presumably will continue to rise in the years ahead. It is in everyone's interest to encourage more family planning and responsibility for the education of young people rather than placing too much of the burden on the student through loans or on the taxpayer. It is also in the national interest to encourage greater saving by individuals. The concept of an Educational Savings Account and/or permitting parents to borrow from an Individual Retirement Account for the education of a child would serve all of these important goals. This would not provide help in the short term but it would be an extremely important long-term solution to many of our problems.

Finally, I am enclosing a brochure about a concept under discussion in New York State. The plan was first proposed, I understand, by four state legislators--two Democrats and two Republicans, two blacks and two whites. I think it merits very serious consideration for it is concerned simultaneously with access and choice. I realize Congress could not legislate on a matter of this kind since tuition levels are set by states, but Congress could condition aid in some way in the reauthorization legislation to appropriate state action along these lines--the more tuition is made sensitive to income, the greater the portion of federal aid allocated (in some way or form) to a state.

I appreciate the initiative you have undertaken in launching the discussion on reauthorization. I apologize for the length of my reply but the issues you have raised are complex and the length of my response denotes the seriousness with which I view your effort.

Sincerely,

Philip M. Phibbs

Philip M. Phibbs
President
University of Puget Sound

Enclosure

cc: Congressman E. Thomas Coleman

Dr. PHIBBS. I would now like to suggest a way in which reauthorization legislation might address this fundamental issue, the tuition gap, and create a truly national educational policy, one in which State and Federal action complement one another to ensure both access and choice to our students.

Both the administration and H.R. 5240 propose a $3,000 Pell grant maximum award. Within that maximum limit, I urge that a clear distinction be drawn between what I call hard, educational expenses—that is, tuition, required fees, books, and supplies—and ordinary living expenses which do not represent an additional cost by reason of enrolling in a postsecondary studies program. Once that distinction is made in Federal law a number of possibilities become available to make the Pell Grant Program truly price-sensitive and thereby to make Federal student grant policy truly complementary with and reinforcing of State policy.

If the subcommittee would be willing, for example, to take the admittedly difficult political step of resolving the long-standing quarrel over what constitutes a fair and equitable living allowance for higher educational purposes and establish a uniform allowance of, say, $2,400 a year or $200 a month, and to mandate that up to 50 percent of that standard living allowance or $1,200 could be financed from a Pell grant award. Then as much as $1,800 would be available to support hard, educational expenses within the overall maximum Pell grant award of $3,000.

Since hard, educational expenses are the marginal costs which students and their families must somehow overcome in order to gain access to the postsecondary educational program best suited to their needs and aspirations, it seems both fair and logical to make more than half of those hard, educational expenses eligible for coverage from Pell grant awards.

This would mean that up to 75 percent of hard, educational expenses, or $1,800, whichever is the lesser amount, could be funded through Pell grants in addition to a maximum allotment for ordinary living expenses of up to $1,200 or 50 percent, whichever is the lesser amount.

As the Pell grant maximum award figure increases over $3,000 during the period of reauthorization, the amount for hard, educational expenses would rise accordingly providing a broader opportunity to respond to the reality of the tuition gap.

I commend this thought to your consideration. I think it is important that reauthorization involve a comprehensive examination of the developments in the past decade and a comprehensive examination which includes the State role and the Federal role and that we develop a Federal policy which is complementary to State policy. State policy currently ensures access in considerable, if not almost, total measure.

We must also ensure choice or we will be permitting our students the opportunity to attend the institution most suited to their needs. We will not be maintaining a dual system. We will see developing a segregated system of higher education and we will eventually see many independent institutions disappearing and the cost of educating those students falling upon the taxpayer.

I would urge that the committee look at this issue and develop legislation with response to it. I thank you.

Mr. OWENS. Thank you, Dr. Phibbs. I would like to have inserted in the record at this point the testimony of Dr. M. Richard Rose, the president of the Rochester Institute of Technology who could not be here, but we would like for his testimony to be a part of the record.

[Prepared statement of Dr. M. Richard Rose follows:]

PREPARED STATEMENT OF DR. M. RICHARD ROSE, PRESIDENT, ROCHESTER INSTITUTE OF TECHNOLOGY

Chairman Simon, Representative Coleman, and members of the Postsecondary Education Subcommittee, good morning. My name is Richard Rose and I am president of the Rochester Institute of Technology in Rochester, New York. I am pleased to have the opportunity to be here this morning to talk about the reauthorization of the Higher Education Act, a subject which is of keen interest to all of us in the higher education community at this time.

Because of that interest, we are particularly appreciative of this initiative to focus attention on reauthorization at this early date. The reauthorization at this early date. The reauthorization proposals embodied in H.R. 5240 provide a comprehensive view of the current impact of federal higher education programs and has set the stage for a very healthy dialogue about where we are to go from here. We are pleased to be a part of that discussion.

I am aware that at today's hearing, and at other hearings which you have conducted you have heard from organizations which represent the collective voice of independent higher education in Washington and in New York State. I refer specifically to the National Association of Independent Colleges and Universities [NAICU] and the Commission on Independent Colleges and Universities [CICU] of New York State, on behalf of which President James Whalen of Ithaca College testified last week in New York City. I think you will find my comments consistent with their recommendations on the broad issues. My intention is not to be redundant but rather to offer the perspective of a single independent institution, a perspective which I am confident would parallel the thoughts of similar institutions in terms of the impact of federal funding programs on our students and our campuses.

Very briefly, the Rochester Institute of Technology is a four-year postsecondary, independent institution which offers a wide array of technical and technological programs at all levels, ranging from certificates and diplomas to baccalaureate and master's degrees. Over 16,000 students are attending RIT this year in nine colleges including the National Technical Institute for the Deaf, with which you are, I am sure familiar. Some 7,000 evening and part-time students are enrolled at RIT, most of whom are employed full-time and are continuing with the credentials to "earn a living and live a life," and therefore we have structured our programs such that there is an appropriate blend of instruction in technical skills and general education or liberal arts so that our graduates can embark on successful and rewarding careers. We also have at RIT a significant cooperative education component, and I will address that subject again later in my testimony. Two years ago, RIT adopted several goals for achieving computer literacy of our faculty and our students and we have been working to incorporate these goals into our curriculum as well. I mention these points to provide some perspective on the comments which follow concerning specific recommendations for reauthorization of the Higher Education Act.

My comments will focus on five areas of interest: Student aid, cooperative education, veterans, special programs for the disadvantaged, and international education.

STUDENT AID

Because of the importance of the federal student and programs in permitting access and choice for our students, I address myself first to this portion of the reauthorization proposal.

The need to assemble an appropriate and reasonable financial aid package for each of our students is taken very seriously at RIT. Limited resources, increasing costs of attendance, and declining pool of college age students make it imperative for us to be sensitive to the wide range of student and family circumstances which exist. Nevertheless, our overriding philosophy has been that no student receives a completely free ride in terms of financing his or her college education. Rather, we have found that a reasonably balanced package of grant, work and/or loan—depending upon the degree of student need and their ability to sustain the various options—does not necessarily serve as a disincentive provided the work and loan com-

ponents are not weighted too heavily so as to overburden the student with loans, or with working hours which would take away from his or her studies. The "self-help" concept is an integral component of our packaging philosophy and we believe this principle serves the student well by insuring a personal investment in their education and their future. We are also confident that our graduates' earning potential will enable them to sustain their loan repayments, and we take all these factors into consideration.

Regrettably, however, unmet need is still a serious concern, despite our efforts to ameliorate it by increasing the amount of our own institutional funds which are allocated to student aid. In our case, the primary source of these so-called "unfunded" student aid dollars is the annual return on our endowment portfolio. We also believe more and more students and their families are basing their decision-making about which college to attend solely on the basis of cost, a trend we find unsettling to say the least and one which I think is also a concern to those responsible for higher education public policy. Indeed, traditional public policy in higher education has expressly been designed to enable students to base their choice of a college on that which best suits their educational needs and not solely on that which is the lowest cost.

Respectfully, we would suggest that the recommendation to increase the percentage of education costs eligible for Pell grants from 50 percent to 75 percent will tend to exacerbate the erosion of choice which we have been witnessing. With the Pell grant maximum this year at $1,900, there are very few institutions whose costs are below the $3,800 which would limit their students to less than the maximum award. In fact, in New York State, the maximum Pell grant covers only 40 percent of the average cost of attendance at our State institutions, and just 22.5 percent of the average cost of attendance in the independent sector. The equivalent percentage this year at RIT is 20.7 percent. This is not at all to suggest that the Pell grant is of lesser significance—in fact, this essential program forms the backbone of our financial aid program and we are indebted to you and the members of this subcommittee for you commitment to insuring adequate funding of Pell grants.

Rather, I would simply wish to point out that it would be more helpful and would seem more equitable to provide for reasonable increases in maximum Pell grants, while changes in the percentage of cost to be covered should be aimed at encouraging choice. The question of meeting the full need of low-income students can then be addressed by the combination of other programs, and can maintain the self-help principle which virtually universally obtains for independent sector students.

The campus-based programs are of almost equal significance to independent sector students as are the Pell grants. Last year at RIT, we were able to provide work opportunities to almost 1,400 students through the college work study program. In fact, we feel this program is so essential that we annually overmatch our federal award. Last year, RIT spent approximately $1 for every federal work study dollar received, well above the 20 percent matching requirement. NDSL loans and supplement grants are equally important in enabling us to meet the various needs of our students. Our average SEOG award last year was $618 for 465 students, and our average NDSL loan (including institutional funds) was $819 for 1,173 recipients.

While we support the basic concept of providing greater institutional discretion in allocating campus-based funds, we are not sure that the consolidated block grant program is the best means of achieving this goal. We share the concern of the Commission on Independent Colleges and Universities [CICU] with respect to the proposed allocation formula. Since the formula does not specifically address cost of attendance, and includes Pell grant figures which also would not reflect differential cost of attendance as recommended in the reauthorization proposal, the impact of the formula would be to expose independent institutions and their students to a "double jeopardy." Certainly the allocation formula needs to be made more equitable in meeting actual need, and we hope any such modifications will fairly recognize the needs of independent sector students.

We fully support expansion of the college work study program and believe that it has earned the positive recognition of the Congress as an effective and efficient program.

Finally, with respect to the remaining campus-based programs, if such a consolidation were to occur we would hope that the legislation would provide some guidance for insuring that the self-help principle is maintained in the local distribution of such funds. Our experience has shown us that not all students are best served by grant and entitlement support exclusively and we hope that the Congress will discourage if not preclude any institution from distributing all block grant funds as grants. Low-interest NDSL loans serve a useful and appropriate purpose and we hope that purpose will not be lost in the reauthorization process.

ERIC

The capstone of the typical student aid package is the guaranteed student loan and we appreciate and applaud the recognition of the importance of this program in the reauthorization proposal. Among the specific recommendations we would wholeheartedly endorse are the elimination of the origination fee and the universal needs test. However, rather than impose an arbitrary income cap—which would also have to be periodicially adjusted for inflation—we would support the concept that all loans be limited to remaining need, as established by the above mentioned need analysis. This combination of checks and balances could effectively prevent the kinds of abuse which have from time to time been connected with the program. At the same time, families who can show a verifiable need for subsidized loan assistance would not be automatically excluded by the income cap, or forced to assume non-subsidized, non-deferred loans which could impose an undue hardship on their economic circumstances. Many of these students need to borrow funds because they have opted to attend an independent institution. Had they chosen a public institution they would automatically enjoy a subsidy of over $7,000 per year with no needs test and no questions asked—a circumstance which many middle and upper income families are taking advantage of right now. And in these cases, it is often the price differential—as distinguished from the difference in cost of providing the educational program, which is essentially the same in both the public and indepedent sectors—which is the basis for the decision as to which college the student will attend.

The increase in loan limits is also a welcome change which recognizes the increasing cost of attendance at all institutions. We would suggest slightly higher loan limits which could more closely fill existing and projected gaps for our students and their families. Suggested limits of $3,000 for freshmen, $3,500 for sophomores and $4,000 for juniors and seniors would help to meet the need through the end of this decade. We also agree with the suggestion that provision be made for financial aid officers to go beyond the maximum, under limited circumstances for students with extreme need and for whom loans are the only remaining option.

Finally, we would favor tightening the definition for independent students to insure that limited funds are directed to where they are most needed.

COOPERATIVE EDUCATION

As I mentioned earlier, RIT has a sizeable cooperative education program which has evolved over the past 70 years since RIT first began to develop cooperative placements in 1912. This year, over 2,700 RIT students were placed in cooperative work experiences—representing almost one-third of our full-time enrollment. Our students find that the co-op experience not only enhances the educational experience they receive at RIT, but also increases their employability upon graduation. In fact, many of our graduates are hired by their co-op employers.

We would, therefore, applaud the proposal to expand cooperative education opportunities under title VIII, and particularly the incentives for existing cooperative education programs to expand and develop model programs and new initiatives.

We welcome these changes and hope the Congress will agree to their merit.

VETERANS

The proposed changes in the veteran's cost of instruction program are most welcome. We agree that this program has been terribly underfunded, particularly in recent years, a situation which has resulted in fewer services to those who have served our country with honor and distinction.

Despite the dramatic reductions in veterans' cost of instruction support, our Office of Veterans Affairs has continued to provide academic counseling and other support services to the veterans who attend RIT, and has developed a program of outreach and information which attracts veterans to our campus. In fact, RIT has the largest veteran population of any independent institution in New York State, with some 900 former servicepersons enrolled for full or part-time study.

We agree that the current method of distributing VCIP funds is inequitable and support the proposed changes which would provide threshold funding plus additional support based on enrollment.

TRIO PROGRAMS

At the present time, RIT participates in only one of the so-called trio programs, which is the special services for the disadvantaged. Like VCIP, cooperative education and some of the other programs authorized under the Higher Education Act, the trio programs have faced uncertain funding in recent years—a circumstance which works a particular hardship on the capability to plan for continuity of serv-

ices and support to the constituency involved. Nevertheless, we believe our special services program has served well the needs of economically disadvantaged students, handicapped persons, and eligible first-generation students who have availed themselved of these services.

We also recognize, however, the difficulty in maximizing campus utilization of these services by eligible students, and appreciate the approach taken in the reauthorization proposal to expand outreach rather than eliminate the program. The latter step would be tantamount to ignoring the need rather than finding better ways to disseminate information and increase awareness of available support services.

Our special services staff has recently undertaken a number of new initiatives, within existing program guidelines, to expand their outreach activities and we applaud the direction also suggested in the reauthorization proposal to heighten awareness of these programs and increase utilization.

INTERNATIONAL EDUCATION

The number of international students enrolled at RIT has grown in recent years, and along with that growth has come an increased sensitivity to the importance of international education activities and programs.

We have recently established a new Center for International Education and Services to identify and foster appropriate linkages among RIT, the business community and international markets with an emphasis on trade opportunities as well as faculty exchanges and other traditional education functions.

We support the National Endowment for International Education and congratulate you for this important initiative.

I am pleased to have this opportunity to share with you our comments concerning the Higher Education Act. I wish you well in this important endeavor, and would be pleased to provide any additional information you feel might be helpful.

Mr. OWENS. I have several questions and I will ask them all at once because I think they are very much interrelated. The issue or the friendly tension between the independent sector and the State universities surfaced at another hearing held at Queens College some time ago. I have been thinking about it since then and again it's here—the friendly tension, which may become a problem in the effort to achieve maximum support for this reauthorization bill.

I would like to know if either of you gentleman have or if, within the family of both the private and the public sector colleges, there are statistics on the cost of educating a student—the cost per student of the education received, say, at a State university—not just the tuition and the aid received from the State and the Federal Government which is directly received by the student, but the total cost, the amount of the subsidy that the Government puts into the institution in the case of the State universities, their operating budget as well as some factor, I suppose, on their capital plan. The same figures, I think, are available—I have seen some of the figures for the private sector—the cost per student for education, regardless of where parts of that cost come from.

I would also like to point out that it seems that there is a blurring of the lines between private and public and between State and Federal. I mean, the private sector or the independent colleges are not so independent any more since a large segment of their budget does come from the public sector and the public sector institutions are striving or consider themselves, in many cases, as having arrived at a point where they offer the same quality education that used to be held as the hallmark of the private sector colleges. The lines are blurring. Are we moving toward a situation where a reasonable—maybe logical, but not so acceptable—policy might be the offering of a subsidy to students regardless of where they go and

that subsidy should be based on the cost of the education received by that student and withdrawing support for institutions of any kind and the operating costs of State universities, for example, would be figured into the total costs of educating the student and those students that go to a State university would receive that amount and the same amount would be received if a student chooses to go to a private sector school.

Now is that a King Solomon's choice problem? Does that handicap State universities unnecessarily while being fair to the private sector or would it help to alleviate some of the tensions and the competition? It's a simple question. [Laughter.]

Who will be the first to answer?

Dr. PHIBBS. The issue of calculating the actual cost of educating a student is an exceedingly complex one because the accounting procedures used at different institutions, and particularly in the two sectors of higher education, are so remarkably different. The State of Florida is a place where I would suggest that you might pursue this matter because I know that Peat, Marwick, Mitchell were engaged in the State of Florida to determine exactly the cost of educating students in the public sector so that these could then be compared to comparable costs in the private sector and one would have a basis for making a judgment about relative cost of educating.

As I said, the matter is very complex and it takes something like Peat, Marwick, Mitchell in order to separate the different ways in which items are budgeted in a public institution and an independent institution. But Florida is the only State that I know of that has really done a thorough study at this time.

Second, I must say, Mr. Chairman, that a large segment of the budget of some independent institutions may come from Federal and State dollars, but that is not true of most of the independent institutions, particularly the undergraduate institutions. We, for example, have no State grant program in the State of Washington. We put far more of our own money—that is, endowment income and money from tuition into our financial aid program than we receive in Federal dollars and I think this is the case of most of the smaller and middle-sized, independent institutions. I do not know the situation in the large, research universities where Federal dollars are available for research activities, but that is different from the educational activities to which we are referring.

I am much intrigued, I might say, by your suggestion on the way in which we might finance education in the future in which, as I understood you, a grant would go to the student and the student would go to the institution of his or her choice with the grant amount related to the tuition of that institution, that this would be the form of government support. I think that's very intriguing because that gives all institutions an equal opportunity then to commend themselves to students and to provide the kind of educational program that is going to be most suited to their educational needs. I think it might also have a positive impact on quality of education because institutions could concentrate on improving their quality in order to attract students with those tuition dollars in their hands.

ERIC

Mr. OWENS. While you have the floor, Dr. Phibbs, I just want to ask you—you said in your testimony that the public sector institutions and State colleges are aggressively seeking funds from the same sources that private colleges were always dependent upon. Does that imply that the public sector institutions still don't have enough money and also how much does that really hurt the private sector institutions? Are these people who would have given to private sector institutions necessarily?

Dr. PHIBBS. Second only to the tuition gap, I think this is the most fundamental threat to the survival of the independent institutions because this has been the traditional source that we have had, to counterbalance the State support that, in some small measure, that the public institutions receive and to use in order to keep our educational costs to the student low and to provide financial aid to students so that they come to the institution.

In the State of Washington, one public institution raises far, far, far more money now than all of the private institutions in the State combined from private sources. I noted in the "Chronicle of Higher Education" last week that a public university had received an $8 million grant from a foundation. Much of this money is from foundations and corporations that traditionally and otherwise would have gone to independent institutions. Some of money is raised from alumni and alumunae of the institution and it's logical that they would want to give to their own institution. But a major portion of it comes from foundations and corporations and this money traditionally would have gone to the independent institutions. So it represents a significant reduction in the kind of support that we have and an increase in the kind of support that the other institutions have that makes our own survival as independent institutions even more difficult.

Dr. BLOUSTEIN. Mr. Chairman, if I may respond to those questions first by saying that there's more that brings my colleague, Dr. Phibbs, and me together than divides us, I am happy to say. We both think, I gather, that the current pattern of Federal support of higher education does not take into account the vast sea changes that have taken place in the American education scene in the postwar period and we both believe that you must look at the fundamental nature of those changes before you undertake a reauthorization effort which would really be built on a totally distorted image of the current educational scene.

But to talk specifically to the questions, I agree with my colleague, Dr. Phibbs, that it would be very, very difficult to get cost of education figures because of the different accounting systems. On the other hand, for what they are worth, we will submit to you, Mr. Chairman and members of the committee, current figures on that score, and for what they're worth and I recognize their limitations, I think they would be helpful to you with respect to making judgments about this issue.

Mr. OWENS. It should be very difficult to get them or to compare them?

Dr. Bloustein. They are very difficult to compare because——

Mr. OWENS. You can get them though?

Dr. BLOUSTEIN. We have some. We will provide you with some data along those lines and we hope our students will develop more data along those lines.

I do want to say that one of the things that Dr. Phibbs and I also agree about is that there are vast differences between the comprehensive, research universities of this Nation and the small, independent colleges of this Nation. Those differences in tuition and in tax support which I say bring the comprehensive—the independent, comprehensive, research university very close to the comprehensive State research university have not taken place to the same extent at the small colleges.

I was president of Bennington College, a college of 600 students, before I moved to a college of 48,000. The two institutions are funded from very, very different sources. There is a marked difference between them. But the difference between Rutgers University, a comprehensive, research university and a major, independent comprehensive research university is relatively small, I am suggesting to you.

Therefore, what has happened in higher education is a shakeout between—and we have a completely different pattern of educations—Dr. Phibbs' college is probably more like many of the state colleges in the states of our nation and, in some respects like the community colleges, but totally unlike either the independent research universities or the state research universities.

We share more in common, in other words, with other independent research universities than we do in many respects with the State colleges and community colleges of the States in which we are located. He, in turn, shares more in common with public institutions of his size. Size and mission is a much more significant determining factor of the character of the institution today than where support is coming from.

I go back to that point. I think the source of support is a relatively insignificant fact at the level of the comprehensive State and the independent research universities. It may still be a very important point in terms of the private independent and the State and community college system. That's what makes it necessary for you folks on the committee to look at the whole system anew because what you have built is a system that is founded on a classification of universities, a characterization of them, that no longer exists. It's another world.

I do want to say something about the aggressive search of public institutions for so-called "private funds." First, I point out that they are not private funds. The tax benefits of charitable giving make those funds, and the Supreme Court of the United States has recently said plainly that those funds are a form of public support, and I don't begrudge such public support to either independent institutions or public institutions. But that and a tax relief from earnings on endowment represent very significant levels of support, if not for Dr. Phibbs' institution, for the major independent, research institutions in this country.

To talk about public and private institutions today just doesn't make any more sense. If you look at the income accounts nationally of comprehensive research universities whether so-called "inde-

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pendent" or "public," they are very, very similar to each other with only marginal differences.

Finally, to turn to your question about only supporting students and not institutions. Again, that might be possible, in some sense, at an undergraduate level. But in a major comprehensive research institution, institutional support is a vital necessity of the national well-being. We cannot maintain the scientific plant that is necessary to our success as institutions without that continued institutional support.

Indeed, one of the great weaknesses of our higher education system today is that much of that institutional support for the comprehensive research universities that was available in the fifties and sixties and that dried up has left us with sorely depleted plants badly in need of repair, with equipment that is not sufficient to our needs if we are to maintain our economic competitiveness in the current world market or if we are to maintain our defense preparedness.

So, institutional forms of institutional support are vital to comprehensive institutions, whether they be State research institutions or independent research institutions.

Dr. HORN. While you have on the surface an intriguing idea, I would think that before a basic change happens in the reauthorization that some of those suggestions really ought to be simulated in terms of their economic impact. My colleagues have already mentioned some of the difference which occurred within public institutions, between public institutions, between public and private. There are different accounting systems. There are different standards of what is a full-time student, who is a part-time student. There are different living costs, heaven knows, between the Midwest and California. It probably costs 50 percent more to live in the coastal zone of California than it does to live in Iowa and Ohio and other parts of the Midwest or upper New England.

Mr. OWENS. You are addressing yourself to Dr. Phibbs' proposal on the uniform allowance, I assume?

Dr. HORN. Well, that's right. I think you have got to take into account the economic reality which is buried throughout America and, granted, there is no purely simple, rational approach to some of these things. There are obviously a series of political compromises, but let me just mention a few factors. You asked the cost of State subsidy. In the case of our own 19-campus, California State University, in terms of net general fund, state support, which means dividing the fictional student that takes 15 units when most of them take 12, and many more take 6 to 8 if a divorcee coming back to college trying to get skills and still raising a family, holding a part-time job—all of these variables—we are talking about roughly $4,000 this coming year for a 15-unit student, across-the-board subsidy for the system. But if you look at our Bakersfield campus, we are talking about $6,700 per student as the cost. If you are looking at the Long Beach or the San Diego campuses, you are talking roughly about $3,400 or $3,500 per student.

What I am saying, Mr. Chairman, is that the figures are really meaningless unless we go behind the scenes. Many would translate that, for example, into a faculty/student ratio. Well, ours is roughly 18 to 20, if you figured a faculty/student ratio. Yet, we have

many programs that have a faculty ratio of 1 to 6 because of national accreditation standards in, say, speech therapy or nursing, other allied health fields and we have some in my own field of political science that would probably be 1 to 40, 1 to 50.

Our problem is that public universities have no agreed standard of national accounting. Within the State of California where you have a California Postsecondary Commission. There is no mandated accounting between the University of California and the California State University, let alone the California community colleges who now receive more money out of the State budget than either the California State University or the University of California. So you have all of these variations.

My worry with the idea is the encouragement by either the private or the public sector of the escalation of tuition. Very frankly, California has been one of the most tuition resistant until recently compared to other States where they said, "Gee. The Federal Government is coming in to subsidize students. Let's recoup some of our State costs and let's put them into other worthwhile programs. Let's really jack the tuition on the average student." Some States have played that game. Some private boards of trustees have played that game.

When California reached its fiscal crisis where the preceding administration left $1.5 billion deficit, obviously, tuition was escalated in the public sector. The State was desperate, but we would hope that that would stabilize and that any Federal policy be very carefully constructed so as to not to encourage that on the one hand and yet meet the legitimate needs of students. You are certainly in a key area as to room and board to try and equalize college access.

On the private fund situation, I think Dr. Bloustein's testimony and others have made it very clear that in the post-war period, the so-called independent universities and colleges received a substantial amount of Federal subsidy through support of student assistance, through various categorical and national programs, in many Cabinet Departments not simply Education, for research, student services, other types of support and when you look at the sources of private support for many public institutions, generally they are like private institutions—alumni support. Why are those funds needed? Very simply. The States of America will simply not support some essential buildings that many private institutions have such as auditorium of any decent size. In our system, which is the largest in the country, in the public university system, the State mandate is you cannot have an auditorium of more than 500 students on our campuses. Well, with 32,000 students, it's a little hard to try and squeeze them into a 500-seat auditorium. So you have to raise private money to essentially do those things. The same with university art museums. Other things that are the normal attributes of many private institutions in America. The only way the public sector will get them in many States is through private fund-raising of its alumni.

I think what my colleagues have said is, it is a very mixed bag. I would disagree with Dr. Bloustein in one area. That is, if you wait to study these matters and do not have a reauthorization until then, you will still be studying them in 1990 and we will be without any Higher Education Act program, because they are not easy of

solution in either getting the facts or sorting out what those facts mean.

Dr. HOWELL. Mr. Chairman.

Mr. OWENS. Dr. Howell.

Dr. HOWELL. Mr. Chairman, I would like to just be very brief in suggesting that you could find the best answer to your question—the State of Florida has done extensive studies in the comparison of costs to educate. They go by lower division, upper division, graduate level, professional level and that speaks to the key point of comparing apples and apples. I think that's very important if you look at that.

I think you will find though that when you compare apples to apples the cost to educate will be about the same. It's who pays the cost is the question.

There is one point that I would like to get into the record that the biggest subsidy in America is to the affluent family that goes to public institutions. There is no differentiation made and that is the biggest subsidy that we give any citizen in America to a public institution. We make no differentiation there and I would just like to point that out. Thank you.

Mr. OWENS. Thank you.

Mrs. Roukema.

Mrs. ROUKEMA. Well, I would like to make a couple of observations and then maybe ask a question. I think in the course of your previous discussion you have answered a couple of my questions? But I wonder if you understand, particularly Dr. Horn, that the reauthorization of this act is not required this year.

Dr. HORN. I do understand that.

Mrs. ROUKEMA. And I wonder if, given the difficulties that have been outlined, given the creative thinking that has been expressed not only by this panel but some others that we have already heard from and, given, most especially, the deficit problem that we are facing, would there not be some merit to waiting until next year to reauthorize the act, particularly since we will be receiving considerable resistance to a reauthorization this year in the Senate.

It's not only the practical problem. That's one part. It's also the question of how we truly address in a creative way the reality of the changing landscape, as somebody pointed out.

Dr. HORN. Well, I think we should address the reality of the changing landscape. State universities and land grant colleges have presented you with their proposed study. That is not something that, frankly, I believe can be done in a year's time or so. If this committee was to authorize its staff to go examine this question, I think you are really talking about several years if you move from the present pattern, as unjust as it might be in certain areas to both public university students and to private university students. So I think that's going to take time. So I don't think it's this session versus next year and a new Congress.

What I think is essential is that we get some expectation of stability by families whose children are seeking a college education or increasingly independent students who are making that decisision and I am particularly concerned, as I mentioned earlier, about reentry education opportunities for women and others where they

can have an understanding of what the Federal might do to aid them should they desire to go back to college.

I mentioned earlier there are lost opportunity costs that no formula takes into account—of the money that one breadwinner has to make who happens to be 18 or 22 for a family.

Mrs. ROUKEMA. I don't understand what you mean by "the expectation of opportunity?"

Dr. HORN. Right now people increasingly understand the framework of how you balance Pell grants, loans and college work-study. If we were suddenly to go to a new approach of a flat grant proposal in one or more areas, I think that does change the level of expectations of what people can save money and adapt to. That worries me—the shifting signals, if you will.

I do not say that the signals should not be shifting, but I think you are going to need a lot more consensus than is likely to be achieved either in Congress or in the educational community, if simply the assumption is, "Well, if you wait 'til next year, we can solve the problem." I do not think you can solve the problem that soon. I wish it might be otherwise. A lot of people do. I think if you wish to go in that direction, I think you can start the apparatus both within the educational community, within Congress, within the administration, to move in that direction. I doubt if you will be able to make a final decision within a year.

So what I am suggesting is I think incremental reality is that we are talking about tinkering with the present framework even though neither publics nor privates are happy with all aspects of it. And then the question is: How can you work a little more justice and equity within the current framework helping both private institutions and helping public institutions? I think that's the reality.

Dr. BLOUSTEIN. My sense, as you might imagine, is somewhat different. First, I am more optimistic than Dr. Horn is about our capacity to produce something of worth in a year. Most of what we have spoken about today is common knowledge among all our colleagues. I don't mean this, obviously, in any insulting terms. For many of us, we feel the only people who don't understand it are the State legislators and the National Congress who are dealing with us. We know most of what the underlying changes are. It's true there are very tough choices that have to be made, but those choices—it's not a question of requiring time—those choices are going to be there next year and the same ones the year after and the year after that. The data, I think we will have available in some large measure as a result of our study and if this committee were to join in the sponsorship of that study I think it would become even more comprehensive if this committee were to join in the sponsorship of that study than it's currently planned to be.

The other thing is the shift in the reauthorization bill would grandfather in one way or another situations so as to provide a smooth transition to the new format. Indeed, the reauthorization act itself might provide for a 2- or 3-year period of shifting in the overall characteristics of the bill.

So I strongly urge that we at least begin the attempt to remake the reauthorization act in the broadest possible terms. We will tinker, whether we like it or not, in the attempt to maintain that stability, but that can be done consistent with at least starting out

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in the broadest possible framework to look at a new basis for the act.

Mrs. ROUKEMA. Yes, Dr. Phibbs.

Dr. PHIBBS. I think the view that I have is probably implied by what I said earlier, but I will try to make it as clear as possible. The issues involved here are exceedingly complex. They affect an enormous number of students and an enormous number of institutions and they also affect the whole structure of higher education in the United States. We need to move with care and caution as a result and think carefully through and examine thoroughly the consequences of the decisions that we make. We have to think in the terms in which Dr. Bloustein and I have been talking, and that is, of the dramatic changes that have taken place in the last decade and the implications of those changes for the next two decades.

My concern is with the tuition gap because there I see a potential demise of institutions, a loss of educational option for students and a loss of an important segment of our education. I think that is going to take time. We have until 1985, as I recall, for reauthorization and I think it is going to take that amount of time.

Mrs. ROUKEMA. Yes, Dr. Howell.

Dr. HOWELL. Yes, ma'am. I would suggest that if the comparison is the so-called Simon bill and the current bill that we stay as it is for another year and then work at it and change it at a later date.

Mrs. ROUKEMA. Thank you. I would simply like to observe that I am certainly sympathetic to the tuition inflation that you, Dr. Horn, have identified. I don't know what we can do about that. But I think we have to recognize it in some form or another in whatever formula we work out. I don't know how we can do it, but I am certainly most cognizant of it. I know other members of the committee are as well.

Dr. HORN. I would hope the committee would think about some maintenance-of-effort-type standard to try to keep the lid on reasonable tuition increases, whether they be by State bodies or private bodies.

Mrs. ROUKEMA. All right. Thank you very much.

Mr. OWENS. Thank you very much.

I would like to note that you can submit any items for the record, if they wish, and they will be entered into the record. You have given us a very thorough discussion of the matter at hand and I do appreciate it.

Thank you very much.

The PANEL. Thank you very much.

Mr. OWENS. Our next witness is Dr. James A. Cheek, president of Howard University.

[Prepared statement of Dr. James E. Cheek follows:]

PREPARED STATEMENT OF DR. JAMES E. CHEEK, PRESIDENT, HOWARD UNIVERSITY

Chairman Simon and distinguished members of the subcommitte, I am Dr. James E. Cheek, President of Howard University. Howard University, as you know, is located in Washington, D.C. and maintains 17 schools and colleges, a teaching hospital, as well as eight institutes and research centers. The University also maintains a teaching television station, radio station and University Press. The University was founded in 1867 and has produced some of this nation's most distinguished scholars and educators. We have provided not only Black Americans but all students without regard to race, creed, national origin or religion, a high quality educational opportu-

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nity over the last 117 years. The University has similarly offered masters degrees in over 85 areas and Doctor of Philosophy degrees in 23 fields.

This testimony is presented on behalf of the University and reflects not only the opinions of the President but also the University's administrators and educators for specific programs which would be directly affected by the provisions in your bill to reauthorize the Higher Education Act of 1965. Your proposal for a bill to reauthorize the Higher Education Act of 1965 has great merit and the rationale for the bill is basically sound. We at Howard University support the direction and intent you have set forth in this legislative initiative and encourage the same of all persons interested in the enhancement of postsecondary education in America.

In the interest of time, I shall highlight our comments with regard to selected titles of the bill and ask your acceptance of these comments for the record. However, before I outline my comments, I would like to applaud your support of higher education in America in general, and commend you for your work on this important and vital piece of legislation. For your years of service as a prominent leader in the vanguard to insure a federal role in higher education, you have our gratitude and appreciation.

TITLE I. CONTINUING POSTSECONDARY EDUCATION PROGRAM AND PLANNING

We concur with the decision to eliminate Part A of Title I, the Commission on National Development in Postsecondary Education. The functions of the commission could be more effectively carried out by professional staff in the Department of Education. Moreover, we believe that the new Part B of Title I is a practical response to the increasingly serious problem of functional illiteracy in certain population groups. An emphasis on literacy programs could have an impact on the employability of many who have dropped out of the labor force. However, our one reservation about this program is with respect to the feature providing college credit to students who are to provide tutorial services. It is not evident to us that the model developed by the Washington Education Project is appropriate for the entire nation. Instead, we would suggest that the new program be defined in terms of its objectives, with the mode of implementation left to the discretion of participating institutions of higher education. Flexibility in the design of the program will encourage creativity by the educational institutions and also allow for programs to be tailored to local needs and resources. In any event, we do not think that the reauthorization language act should specify program details. They would more appropriately be included in the program guidelines to be developed later, in accordance with the basic provisions of the legislation.

It is our judgment that Part C of Title I, providing for the expansion of educational programs in correctional facilities, would have a significant positive effect, if it is funded at an adequate level. It will be especially significant for the Black population. While Black males comprise 7.7 percent of the college population, they are 46.8 percent of the prison population. The development of rehabilitation programs with a sound educational component should be a national priority. We believe the stated purpose of Part C, the reduction of recidivism, can be achieved.

Finally, we concur with the decision to redefine veterans' benefits in education more broadly. However, the matching requirements in the proposed legislation may inhibit participation by institutions faced with fiscal constraints. Therefore, we believe that the matching requirement should be dropped.

TITLE II. STRENGTHENING LIBRARY RESOURCES

Title II. A

Under the old College Library Resources Program, grants were not huge but they were certainly beneficial to developing libraries. Unfortunately, grants began to get smaller after 1981 as more and more institutions shared the funds. In addition, the larger, wealthier institutions were sharing funds equally with the needy institutions which meant that grants were not always made in amounts sufficient for the smaller, less wealthy institutions. It would be most desirable to direct larger shares of funds to the needy institutions on the basis of the suggested idea of a "Needs test." If it is not possible to increase the share of the smaller, more needy institutions, then there should be some requirement that the wealthier institutions more widely share resources acquired under the Act.

With respect to matters dealing with resource-sharing and data base access, need rather than performance should be more heavily weighted. It is not surprising that smaller, more needy institutions have left much to be desired with respect to performance because their limited financial resources have seriously curtailed their ability (1) to develop sizable collections for sharing, (2) develop degree programs that

would require such extensive research support via data base searchers, and (3) to acquire the expensive technology required by data base searches. Their hardware and software resources would have to be developed and strengthened first.

The Howard University Libraries perhaps should be viewed as a "developing" system which, though currently enjoying sizable budgets, are building their resources as rapidly as possible in an effort to reach the status of a great research library. Therefore, our overall expenditure per student and our total library resources may be relatively high among the needy institutions with whom we may be compared, but this should be considered a natural course to be followed by a developing institution.

Title II. B

We agree that more emphasis needs to be placed on technology in libraries and education programs for minorities. When recruitment of minorities was stepped up in the early 1970's under Title II. B, many minorities benefitted but many more could have if personal financial constraints had not interfered. In addition, many could not be spared from their jobs to take advantage of opportunities. Perhaps, these problems could be dealt with through (1) on-site or regional workshops or (2) establishment of a broad internship program which would exchange experienced librarians and inexperienced ones among participating institutions. This cross-fertilization might very well be handled by a unit in the Office of Postsecondary Education which would be responsible for all higher education library programs.

Title II. C

While Title II. C may have worked well for those whom it benefitted, it must be recognized that the "point" system, under which grants were made, was based on volume of resources that could be shared, and thus placed moderate and smaller, less developed research libraries at a disadvantage. There are smaller research institutions whose resources, though limited, are of high quality and rich in the cultural heritage. These should be strengthened, also. The Howard University Libraries system is one of medium size. Funds allocated under II. C using these considerations would better enable Howard University move more solidly into the ranks of the great research libraries of the nation.

Title II. D

Because II. D has not stood the test, it should, indeed, be eliminated.

TITLE III. INSTITUTIONAL AID

Most Americans today would prefer to believe that America's most enduring socio-economic-political problem has been overcome. But to believe such is to ignore reality. W.E.B. DuBois, near the beginning of this century, wrote that the problem of the twentieth century is the problem of the "color line." As we draw near to the end of this century, the matter of color, race and ethnicity has proceeded from DuBois' "problem" to Myrdal's "dilemma", to the Kerner Commission's "crisis." That trial confronts us now as our nation's and our world's "catastrophe."

Institutions serving primarily black Americans were created in response to American racism—a racism so thoroughly entrenched in our nation's mentality and so deeply engraved in our national social consciousness that it could be summed up in the words of Chief Justice Taney of the United States Supreme Court in the Dred Scott Decision "that the Negro is so far inferior that he has no rights that a white man is bound to respect."

Although more than a hundred years have passed since those words were uttered from the highest court in the land, the concept that they embody has lingered on and continues to mold and to shape the contour and character of American economic, social, political, cultural and educational life for the more than thirty million black people who are citizens of this country.

During the institution of slavery and shortly after its abolition, the black colleges and universities were created to provide, through education, the development of leadership and equality to serve as instruments for the liberation of a people subjected to a "bondage of the flesh" as well as to a "bondage of the spirit."

But our institutions were also founded to assist—indeed to force—this nation to act on its own declaration by: living under God, by remaining indivisible and by preserving liberty and justice for all its people. Our institutions were then, and continue to be the battering rams against the doors of discrimination, deprivation, disprivilege and injustice. Poor in resources, but rich in resolve, our colleges have been and continue to be the weapons of our peoples' liberation and the instruments of our nation's salvation and redemption.

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With this historical context in mind, and despite the fact that we generally oppose set-asides because they are perceived as inferences of inferiority, we fully support the provision in Title III of this bill.

This new legislation is indeed necessary in order to overcome the historic deficiencies of the current law and provide direct assistance so critical to historically black postsecondary institutions. We applaud any efforts made on behalf of our sister colleges and universities to provide financial assistance and support.

TITLE IV. STUDENT FINANCIAL ASSISTANCE

Because of Howard University's unique position in the private sector of postsecondary institutions—low cost, diversified curriculum, no decline in enrollment, ineligibility to receive new National Direct Student Loan (NDSL) funding because of high default rate and Howard students' easy access to Guaranteed Student Loans (GSLs)—there are no apparent revisions in title IV which would have a negative impact upon the University.

On the contrary, there are several proposed revisions which we believe will be helpful to the University:

(1) The statutory definition of "independent students" will decrease the confrontation with students and parents over conflicting information submitted on different financial aid forms;

(2) Early receipt of the Pell Grant Family Contribution will enable our Office of Financial Assistance to send out financial award letters earlier and provide greater flexibility in aid packaging;

(3) The "half-cost" provision may only affect high-cost private institutions that may perceive this as opening the door for secondary school students to attend lower cost schools;

(4) The extension of the fifth year Pell Grant to include graduate students is a great incentive to complete the undergraduate degree within four years;

(5) The elimination of the State Allotment formula the College Work Study legislation will free money for many institutions. Many Financial Aid Administrators have been fighting for this change for years;

(6) Combining Supplemental Educational Opportunity Grant (SEOG), State Student Incentive Grant (SSIG) and National Direct Student Loan (NDSL) funds into block grants allows an institution greater flexibility in aid packaging. Even, should the University be restricted from converting grant funds to loan funds because of our High NDSL default rate, it would not restrict our aid packaging;

(7) The extension of the repayment of GSL, the consolidation of loans and removal of the origination fee are positive features;

(8) The cost containment section could benefit Howard University since our rate of tuition increase is usually low.

The only proposal which gives us some concern is the requirement that *all* applicants for a GSL will be subject to a "Needs" test. Need analysis procedures reveal that any student attending a postsecondary school where the student's expense budget exceeds $3,000 will qualify for a GSL. Assessing need is a time-consuming procedure for those institutions where the Financial Aid Office is not completely computerized. We are of the opinion that the $30,000 income cap before a "needs" test is required should remain. The new procedure will not restrict loans but only increase the work-load in the Financial Aid Office.

TITLE V. TEACHER PREPARATION

Part A. Teacher Education.—The focus on "innovative" activities in research and faculty improvement without reference to other criteria for "improvement" will likely perpetuate the faddish bandwagon element which has historically pervaded American education. In order for genuine improvements to be made, the criterion must be shifted from "innovative" to research-based changes. We believe that the $2 million authorization for this faculty improvement is quite small. We suggest that as the intent of the exemplary program proposal and this grant section are similar, they should be combined.

Teaching Scholarships in this section would be given preferentially to applicants "who indicate a desire" to teach handicapped and disadvantaged students. Under your proposal, we believe that such a criterion would easily lead to verbalization of the desire to teach these students for the purpose of getting funds, but no real commitment. We suggest, therefore, shifting the criterion for preferential consideration from a statement of intent, to actual employment in teaching these groups of students. The incentive, two years of service for each year of scholarship assistance, would begin upon completion of the program.

We support the proposal for a Talented Teacher fellowship to recognize outstanding teachers. However, in the absence of clear criteria, and by delegating both the development of criteria, as well as the selection process to the states and/or local communities, there must be consideration given as to how to guarantee non-discrimination and avoid political or personal favoritism in the selection of outstanding teachers. Moreover, as the Talented Teacher Fellowship program would be designed not only to recognize outstanding teacher but to retain them in school systems, consideration should be given to focusing the program on teachers at the period in their careers when they most often abandon teaching. This probably happens between year 3 and year 7, and thus the Fellowship program could probably have greatest impact if in some way (perhaps one fellowship could be dedicated to teachers in this range of years of service) the program was able to focus on teachers who are at the stage when burnout and disillusionment with the system most often occur.

We also suggest that you develop specifications on the use of these fellowships and consider reserving one fellowship exclusively for those teachers who can show concrete evidence of success in teaching students who have been educationally and economically disadvantaged. In addition, we suggest that these fellowship programs may offer an opportunity to test experimentally various ways of measuring objectively, the quality of teaching, including performance-based measures.

Part B Professional Development.—We believe that the provisions in the legislation that provide funding to schools of education to develop cooperative programs with LEAs be combined with the School-College partnership program included in this same section. Each program seeks to encourage cooperative arrangements—one with schools of education, the other with colleges and universities. We believe that Schools of Education need to be viewed as integral parts of their respective institutions, and the entire institution needs to accept a responsibility for training teachers. By combining Section B(1) with Section C, the legislation will contribute toward bridging the barrier of separation between Schools of Education and other units within colleges/universities. Moreover, we believe this program will be substantially strenthened by giving increased emphasis to post-graduation contact between college professors and their first year teachers, by increasing such contacts during the graduate's first year of service, rather than increasing the pre-service contacts during student teaching. One can observe a much broader range of professional skills during the first one or two years of full time teaching than during one semester of student teaching. Furthermore, the first two years of full time teaching are a time of rapid professional growth during which lifetime patterns are determined, yet college professors observe and evaluate very little of it.

With regard to the proposal to develop a national program of institutes, we suggest omitting the "evaluation of teacher performance" (which more properly belongs in the research-oriented portions of this title), and substituting "curriculum development" aimed at adapting, and modifying existing curricula to accommodate the new knowledge gained by participation in the institutes. The major obstacle to the effectiveness of the institutes is not how the teachers will be evaluated, but the rigidity of the curriculum, and the understanding by the teacher of how the new material can be adapted to the students which he/she teaches.

Part D.—Finally, upon receiving the proposal for research on the evaluation of teachers, we suggest that you consider supporting research and development on all varieties of merit pay systems, rather than performance-based systems exclusively. In the absence of clear empirical evidence that one system of merit pay is superior to all others, Federal legislation should encourage research into all alternatives. For example, it would be useful if someone, under the aegis of this program, were to carry out a computer simulation of th effects in several school systems of several methods of merit pay.

We are concerned that grants under this section are given apparently at the discretion of the Secretary of Education. This could mean that the research selection process could be subject to the ideological biases of the incumbent Secretary. We believe that a better choice would be to follow the model of the sciences and have peer reviews of research proposals in this area of interest.

TITLE VI. INTERNATIONAL EDUCATION

The need to strengthen instruction on the cultures of the world in elementary and secondary schools is a point well taken. The proposal to increase the number of fellowships for study abroad for elementary and secondary school teachers has considerable merit. The results could be most encouraging at the elementary school level,

for the teacher remains with the grade the entire day and the class could get the benefit, at some point, of the teacher's foreign study.

At the secondary level the problem is a bit different. Given the structure of the curriculum and the requirements for graduation, both at state and local levels, and especially in public schools, how much on international cultures can be included in the curriculum without having an adverse impact on the basic academic program? On the other hand, the expansion and support of teaching foreign languages in secondary schools is highly desirable.

The increase in the number of fellowships for faculty members in postsecondary institutions is to be applauded. However, efforts must be taken to ensure that professors in historically Black institutions are ensured an equal chance of competing and being selected for the Study Abroad Program. In addition, disciplines of study should be specified and made broad enough to allow an array of different areas, rather than those in scientific and technical fields.

The increase in the number of scholarships for poorer students to attend college in the United States, especially those from Third World Countries, has considerable merit, provided that this is not done at the expense of support of poorer students in the United States, primarily blacks, to attend college. Admittedly, this observation is made on the basis of the experience at Howard University. A large percentage of the students enrolled are recipients of financial aid in some form. In addition, thousands of black high school graduates are unable to attend college because family income in inadequate to support a child (or children) in college—even with the financial aid that is available to them. While the support of the poor of the world should not be neglected, we have an obligation to take care of our own, *first*. This should be assured.

National security is a fact of life with which we must live. Undoubtedly, a knowledge of the cultures of the world contributes significantly to its maintenance. Moreover, competition between the United States and the Soviet Union for the dominant influence in international relations is a reality that confronts us daily. However, the mere fact that Russia provides thousands more scholarships for foreign students, especially the poor from Third World Countries, is a poor rationale for the United States to increase its support for International Education. This gives the appearance that U.S. Policy for International Education is determined by what the Soviet Union does and we are taking no initiative on our own.

The paragraph in this section relating to the President's Commission Report, "Strength Through Wisdom," casts the rationale for international studies in a negative light. Much more could be gained from studying other cultures to promote peace and harmony in the world than "analyzing behavior of potential adversaries." International studies should focus on appreciating the differences in other cultures to enhance communication between all nations.

Under the section of the National Endowment for International Education, we suggest the addition of the following language:

In order to assure the development of not only Soviet and Angolan scholars in this country, but academic experts who should have current information on numerous regions of the world, the Endowment should award grants competitively on the basis of the applying university's geographical specialization. Moreover, any follow-up awards should be based on the extent of success in achieving goals on the previous award. Where geographical regions are large (e.g. Africa, Latin America, etc.) applying institutions should be encouraged to concentrate their efforts on particular countries within the larger region.

With regard to the proposal for a cross-national study fund, we question the pertinency of a Caribbean Studies Center located in Puerto Rico as this territory is quite different from the other island nations in the Caribbean. We suggest that consideration be given to locating this center in the U.S. Virgin Islands. A center here could also stimulate other educational resources in this area.

TITLE VII. CONSTRUCTION, RECONSTRUCTION AND RENOVATION OF ACADEMIC FACILITIES

We, fully appreciate congressional recognition of the need by colleges and universities for capital and laboratory revitalization and expansion. However, we believe that the fifty percent matching requirement for small private institutions is restrictive. Construction, rehabilitation and renovation of facilities are very costly initiatives which usually require tens of millions of dollars. To require 50% of these costs from small private institutions is to perhaps offer little or no assistance at all. We suggest that the matching requirement be reduced to 10 or 20 percent in order to truly afford some relief to these institutions.

TITLE VIII. COOPERATIVE EDUCATION

We are opposed to the proposed expansion of Title VIII because it is patently an effort to benefit the few institutions that have adopted a comprehensive cooperative education plan. It is clear that Northeastern, Illinois State, Antioch and Blackburn would be the major beneficiaries. The majority of higher education institutions have found cooperative education a good alternative for a *part* of their student body, but have declined, with good reason, to change all their programs to the cooperative mode. We believe cooperative education to be very important for a growing segment of college students. For that very reason, co-op education should be widely available. It will not be widely available, however, if schools are required to adopt the Northeastern or Blackburn model in order to qualify for funds under Title VIII. The program should be expanded, but the "comprehensive grant" feature should be eliminated.

TITLE IX. GRADUATE PROGRAM

We at Howard University applaud the three objectives of this title and hence we are fully supportive. However, we recommend that Part C of Title IX include language to encourage the appointment of minorities to the National Graduate Fellows Program Fellowship Board in order to reinforce this section's objective of substantially expanding the graduate and/or professional grant program available to minorities and women.

Department of Education, Statement by the President, Howard University

Mr. Chairman, members of the Committee, it is indeed a pleasure to appear before you today to discuss Title XIII of H.R. 5240, the Reauthorization of the Higher Education Act of 1965. As you know, Howard University presently does not enjoy an authorization level. Historically, our funding level has been at the discretion of the Appropriations Committee, in conjunction with the President's annual budget request. While we have received favorable consideration from the Appropriations Committee over the years, we appear before you today to speak in support of the $259.72 million authorization proposed in Title XIII of H.R. 5240. We believe that this authorization bill will enable us to better plan a more secure future.

Our fiscal year 1985 budget is $158.23 million. This figure represents $129.124 million for the academic program; $2 million for a new endowment grant program; $5 million for a new research program and $22.106 million for the Howard University Hospital. The total figure of $158.23 million represents a $13.030 million increase above the fiscal year 1984 budget authority. This increase, if approved, will be allocated for faculty and non-faculty salary increases in order to partially support our retirement plan, and funds to implement the two new programs I referenced earlier.

The $259.72 million authorization requested here today for fiscal year 1986 would include $159.72 million for ongoing academic programs and operating expenses; $72 million for new campus renovations and construction; $13 million for computer and communications equipment; $10 million for built-in increases; and an additional $5 million for the Howard University teaching hospital.

The amount proposed for construction, as I previously indicated, is $72 million. These funds would be allocated as follows:

$30 million for a new physical sciences building
$24 million for dormitory facilities and
$18 million for the science and technological buildings

PHYSICAL SCIENCES BUILDING

Our proposed new physical sciences building would house the physics, physical sciences, geology, mathematics, astronomy, and computer science departments. With a current enrollment of 1,800 students and projection of 3,750 by 1990 for the physics department alone, our current facilities are both inadequate and antiquated. In view of this need, the university obtained a feasibility study performed by external experts. This study was financed by the $425 thousand included in our fiscal year 1979 and 1980 appropriations. Our plan calls for a $30 million nine story facility which meets handicapped accessibility requirements and energy conservation standards. Moreover, the new building would accommodate modern research laboratories, offices, library facilities, sufficient classroom space, heavy machinery for electronic optical and precision experimental studies. These latter activities tend to create vibrations and noises; consequently, the building as proposed here by us today, would

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be designed to minimize the effect of vibration transmission to the precision instrumentation contained in the building.

If Howard University is to meet its responsibility to contribute to the advancement of science in America, as well as contribute to the pool of well-trained, knowledgeable and professional American scientists, we must improve our ability to keep pace with the demand to provide top notch education in this area of study. We must and we will, but we need your assistance in providing state-of-the-art facilities to our facility and students of today and tomorrow.

CAMPUS BASED HOUSING

Enrollment at Howard has doubled since 1964 when we last constructed a dormitory. With sixty-two percent of our undergraduate population consistaing of women, the University has viewed the housing needs of its undergraduates and found that we can no longer adequately house this group of students on our main campus. Graduate students are currently discouraged from even applying. Our request for admission to the University by freshmen women alone has to some extent been negatively impacted by the University's inability to provide main campus housing. During the last five years approximately 2,000 female students have been denied campus housing annually. Therefore, we are requestiong $18.625 million to construct new dormitories for our growing population of women students.

These new residences will complete our Bethune Tract of housing for women at Howard University and provide 800 additional beds as well as an on-site dining facility. The dining facility will house a maximum capacity of approximately 400-450 students. These facilities will meet Federal and the District of Columbia housing, safety and fire codes, as well as comply with current handicapped regulations. Moreover, the addition of these facilities to our Bethune Tract will allow us to accommodate the most vulnerable of our student population—freshmen women.

We are similarly requesting $270 thousand to develop plans and specifications for construction of a new men's 320-bed dormitory. We annually decline housing to approximately 700 male students and our current demand for housing by men is expected to double by 1990.

The remainder of the funds in this category, $5.105 million, will be used to renovate existing residential facilities for both men and women.

The University has a responsibility to provide and maintain adequate, safe, comfortable and affordable housing for its students. More importantly, our ability to achieve our primary goal of continuous improvement and excellence in our educational product is directly proportional to our ability to provide an environment conducive to learning. Our needs in this regard can neither be overstated nor shortchanged.

OTHER SCIENCE AND TECHNOLOGICAL BUILDINGS

The $18 million, which I referenced earlier under the category of construction, would be essentially used to renovate six additional facilities among our science and technical disciplines: the architecture building; the engineering building; the chemistry building; the biology building; the medical building; the pharmacy building; the Old Freedman's Hospital Complex.

Essentially, these funds would be used to make internal modifications of existing space within each of these facilities to accommodate technical and program requirements in all cases, and anticipated student population growth in most. As most of our other science and technology facilities were constructed prior to the enactment of any handicapped regulations, they are in need of these modifications, as well as repair of the mechanical ventilation, piping and plumbing systems. Moreover, improvements are needed for the fire hazard protection systems, lighting fixtures and power receptacles, which have worn as a result of constant use over the years.

Our Biology Building which is in most need of attention, houses three departments—Zoology, Botany and Geology. This building has reached its saturation point in terms of available space. Spatial needs of all three departments are similar—classrooms, laboratories, offices, and research space. Botanical curriculum plans include initiation of a Ph.D. program in Botany and an honors program in research. The department's growth needs include an instrument laboratory, an herbarium, and a tissue culture lab. Zoology curriculum plans include increased graduate level research and two new distinguished professors research groups. The department's growth needs include graduate student research space and a double chamber animal incinerator. The Geology Department's curriculum plans include initiation of both Masters and Ph.D. programs. Its growth needs are similar to those of the Zoology Department.

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As I indicated earlier, these existing facilities cannot absorb this anticipated growth, even if additions to the roof or parking lot of the Biology Department were made. The spatial problem here is indeed so severe, that several toilets have been converted into offices/labs during the last three years.

HOWARD UNIVERSITY HOSPITAL

Howard University Hospital is a 500-bed inpatient hospital, with emergency facilities. The Hospital also operates 74 specialty clinics in its Ambulatory Care Department.

As a medical teaching facility, it trains the majority of Black specialist physicians and serves as a laboratory for numerous nursing and para-medical trainees.

The Hospital's operations are financed by our federal appropriation, receipts for medical services covered by group and individual hospitalization policies, the medicare program, and contractual agreements for pat[illegible]re services with the District of Columbia Government and other localities.

The current Federal Appropriation is no lo[illegible]ate to sustain the Hospital as a result of recent changes in the Medicar[illegible], the increasing number of self-pay medical charities and the Hospital's pa[illegible] economic mix. Moreover, the Hospital is beginning to exceed the life-expectancy for some of its laboratory and technical equipment, as much of it is in excess of five years of age. In addition, as in the case of our science departments some of this equipment has become obsolete with respect to technological advances in the science of medicine itself.

All these factors have caused us to seek an additional $5 million for the Hospital. It is indeed possible that in light of these factors, the Hospital may not otherwise be able to maintain its break-even point relative to future projections. The impact of inflation on the cost of medical care has also tak[illegible]gative toll on the adequacy of our previous allocation and has become a co[illegible]actor to our dilemma.

Efforts to provide good health care service[illegible] full teaching program to the Community, are critical to the Washington [illegible]tan area and medical profession of today and tomorrow. We need, however, greater assistance in achieving this goal if we are to be successful.

COMPUTERIZATION

The information explosion, rapid technological advances, and the market place demand for computer literacy and computer competence are forcing institutions of higher education throughout the country to rethink their future curricula in the computerization field. At issue are the preparation of students to be competitive in the job market and, in fact, the viability of the institutions themselves.

Howard University must resolve this problem. Unfortunately, our limited resources and the mission-based task of overcoming the disadvantaged backgrounds of our students has exacerbated this problem. Thus, the required actions are more urgent and difficult to define and accomplish because of the initial high cost of the equipment.

During the remainder of the 1980s and into the early 1990s Howard University proposes to intensify its computerization efforts in both academic programs and, to a limited degree, administration. We must address support inadequacies as well as provide an acceptable level of academic computer training for our students and we must develop long-range solutions to projected expensive future training in this discipline as the technology changes. Therefore, we are proposing $13 million to address these initial concerns.

It is anticipated that there will be one central computing facility (operations and academic computing services), appropriate dedicated centers, such as the Schools of Engineering and Business and Public Administration, school/college/departmental clusters, and satellite computing sites, e.g., the Library and residence halls. The University Academic Computing Laboratory will be housed in the central facility. It will provide support for students, faculty, and researchers of the University. The central facility will house central processing units (CPUs), with a primary mission to support the academic program. Colocation will enable cost-efficient, minimally redundant, and mutually supportive operation. The University CPUs will provide back-up support to the dedicated centers and direct support to the Academic Computing Laboratory, clusters, and satellite sites.

Academic and research requirements will be determined by faculty, with student input. These requirements will derive from curricular and research directions, and will be integrated to the maximum extent feasible. These proposed resources have been translated into facilities, hardware, software, personnel, and services, and for acquisition, and cost.

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I am submitting for your review a more technical description of the proposed expenditure of these funds.

ACADEMIC PROGRAM

Howard University is proposing $169.72 million for its academic program category in fiscal year 1986. This figure represents an $10.0 million increase over our fiscal year 1985 budget request. Of the $10.0 million, $5,589,000 will be allocated for an 8 percent faculty salary increase and $4,011,000 is for a non-faculty increase of 5 percent. These funds will be used to provide increases based solely on merit. They will not, however, be awarded across-the-board. These increases are needed to maintain a qualified and competent faculty and consequently remain competitive with other institutions comparable to Howard.

While our non-faculty pay increase is comparable with that of employees at other universities in similar positions, we will require $400,000 for support of periodic step promotions.

The balance of this funding for our academic program category reflects our needs relative to the support of our academic course offerings, research fund, endowment program and the university's teaching hospital.

CONCLUSION

Howard University conferred over one thousand undergraduate degrees, nearly 400 professional degrees and over 425 graduate degrees at the close of the 1983 academic year. We have produced more than 50 percent of the minority physicians and dentists in this country.

Poor in resources, but rich in resolve, we will continue to be the weapon of our people's liberation. Moreover, we will continue to contribute to the development of this nation's pool of competent and professional human resources.

Howard University is an inherent part of this nation's future as a free society. To assist us in our mission; is to influence the destiny of this Republic.

I would like to thank the Subcommittee for this opportunity to discuss Title XIII of this bill, and I would be happy to answer any questions you may have at this time.

Fiscal year 1986 authorization level

Base	$159,720,000
Construction	72,000,000
Physical science building	30,000,000
Dormitories	24,000,000
Other science and technological buildings	18,000,000
Built-in increases	10,000,000
Academic program	13,000,000
Computer equipment	10,000,000
Communication equipment	3,000,000
Hospital	5,000,000
Total	259,720,000

STATEMENT OF DR. JAMES A. CHEEK, PRESIDENT, HOWARD UNIVERSITY, WASHINGTON, DC

Mr. OWENS. Dr. Cheek, Howard University is very much a public, federally supported, but I think also you have one of the most private images in the country. Nobody thinks of Howard University as belonging to the Federal Government or being a public institution. It is a very private industry. It is a very special phenomenon, certainly in the black community throughout the country—a very special kind of phenomenon all unto itself. So you might have found the previous discussion quite interesting and probably can throw quite a few insights onto it.

Dr. CHEEK. Well, I'm not sure I can, but, if necessary, I'll try.

Mr. Chairman, I have a longer statement, which I should like to insert into the record and to confine my remarks to an excerpt from the longer statement, if that is agreeable.

Mr. OWENS. Your statement will be entered fully into the record.

Dr. CHEEK. Thank you.

Mr. Chairman and members of the committee, I appreciate very much this opportunity to appear before you to discuss Title XIII of H.R. 5240, the reauthorization of the Higher Education Act of 1965.

As you know, Howard University presently does not have an authorization level. Historically, our funding level has been at the discretion of the Appropriations Committees in conjunction with the President's annual budget process. While we have received favorable consideration from the Appropriations Committees over the years, we appear before you today to speak in support of the $259.72 million authorization proposed in Title XIII of H.R. 5240.

We believe that this authorization will enable us to better plan a more secure future with respect to our institution. Our fiscal year 1985 budget request is $158.23 million and this figure represents $124 million for the academic program, $2 million for a new endowment grant program and $5 million for a new research program and, $22.106 million for the Howard University Hospital.

The $259.72 million authorization requested here today for fiscal year 1986 would include $159.72 million for ongoing academic programs and operating expenses; $72 million for new campus renovations and construction; $13 million for computer and communications equipment; $10 million for built-in increases and; an additional $5 million for the Howard University Teaching Hospital.

The $72 million specifically reflects our plan to construct a new physical sciences building, new male and female dormitories and renovations to six existing science and technological facilities. The costs of these projects is estimated to be $30 million, $24 million and $18 million, respectively.

Our proposed new physical sciences building would house the physics, physical sciences, geology, mathematics, astronomy, and computer science departments.

With a current enrollment of 1,800 students and a projection of 3,750 students by 1990 for the physics department alone, our current facilities are both inadequate and antiquated. In view of this need, the university undertook a feasibility study that was performed by external architects and engineers. This study was mandated by our Appropriations Subcommittees and $425,000 were appropriated in fiscal years 1979 and 1980 for this purpose. These studies have now been completed and our plans are based upon those studies.

Our plan calls for a $30 million, nine-story facility which means handicapped accessibility requirements and energy conservation standards. Moreover, the new building would accommodate modern research laboratories, offices, library facilities, sufficient classroom space, heavy machinery for electronic, optical, and precision experimental studies.

If Howard University is to meet its responsibility to contribute to the advancement of science in America, as well as to contribute to the pool of well-trained, knowledgeable, professional and American

scientists, we must improve our ability to keep pace with the demand to provide truly excellent education in this area of study. We need your assistance in providing state-of-the-art facilities to our faculty and our students in this field.

With respect to campus-based housing, I make the following observations. Enrollment at Howard has doubled since 1964, when we last constructed a dormitory. With 62 percent of our undergraduate population consisting of women, the university has viewed the housing needs of its undergraduates and found that we can no longer adequately house this group of students on our main campus. Graduate students are currently discouraged from even applying for university housing. Our requests for admission to the university by freshmen women alone has, to some extent, been negatively impacted by our inability to provide main campus housing.

During the last 5 years, approximately 2,000 female students have been denied campus housing annually. Therefore, we are requesting $18.625 million to construct new dormitories for our growing population of women students. These new residences will complete our Bethune tract of housing for women at Howard and provide 800 additional rooms as well as an onsite dining facility.

The dining facility is contemplated to provide a capacity of approximately 400 to 450 students.

These facilities will meet the Federal and the District of Columbia housing safety and fire codes as well as comply with current handicapped regulations. Moreover, the addition of these facilities to our main campus will allow us to accommodate the most vulnerable of our student population, namely freshmen women.

We are also requesting $270,000 to develop plans and specifications for the construction of a new men's 320-bed dormitory. We annually decline housing to approximately 700 male students and our current demand for housing by men is expected to double by 1990.

The remainder of the funds in this category, $5.105 million, will be used to renovate existing residential facilities for both men and women.

With respect to our science and technological buildings, the $18 million to which I referred earlier under the category of construction would be used essentially to renovate six additional facilities among our science and technical disciplines—the architecture building, the engineering building, the chemistry building, the biology building, the medical college building, the pharmacy building, and the old Freedman's Hospital complex.

Howard University has conferred over 1,000 undergraduate degrees, nearly 400 professional degrees and over 425 graduate degrees at the close of the 1983 academic year. If we are to continue, however, to contribute to the development of this Nation's pool of competent and professional human resources, we need your assistance and support of our institution.

I would like to thank you, Mr. Chairman, and the subcommittee for this opportunity to place this request before you and I would be happy to answer any questions that you may have.

Mr. OWENS. Thank you very much, Dr. Cheek.

At the beginning of your testimony, you said that you have never been part of an authorization bill before. It's usually a matter of

the Appropriations Committee determining the amounts. What do you think of this procedure where you become a part of the authorization process?

Dr. CHEEK. We would support this procedure, Mr. Chairman, if we had some reasonable assurance that the authorization level would, in fact, come close to the level that would be appropriated. It would enable us to engage more realistically in short-range as well as long-range planning. Although we have a rather elaborate and sophisticated master plan with both short-range and long-range plans with significant funding implications, we, frankly, from year to year, are placed in the position of not knowing what parts of those plans can be implemented.

Mr. OWENS. Thank you. Counsel?

Mr. DEAN. No questions, Mr. Chairman.

Mr. OWENS. No further questions. Thank you, Dr. Cheek.

Dr. CHEEK. Thank you.

Mr. OWENS. The subcommittee is adjourned.

[Whereupon, at 12:00 p.m., on April 12, 1984, the subcommittee adjourned.]

[Material submitted for inclusion in the record follows:]

Prepared Statement of Ronald J. Iverson, Executive Director, Vermont Student Assistance Corporation

Mr. Chairman and Members of the Subcommittee:

My name is Ronald Iverson. I am Executive Director of the Vermont Student Assistance Corporation (VSAC) established by the Vermont legislature in 1965 for the purpose of providing opportunities for Vermonters to attend institutions of postsecondary education.

VSAC is a public non-profit corporation which administers and coordinates the following major programs:

- Incentive Grants and Scholarships
- Guaranteed Student Loans and PLUS Loans
- Vermont's Secondary Market for Student Loans
- Information and Outreach Services
- State-Based Work-Study Program
- Math-Science Loan Forgiveness Program
- Grant Program for Unemployed Vermonters
- Part-Time Grant Program

I am pleased to be invited to testify before this Committee and welcome the opportunity to comment on H.R. 5240. The communication which I received from the Chairman and the ranking member of this Subcommittee asked me to

- assess the current state of postsecondary education in Vermont
- address the ways in which Vermont's postsecondary institutions are meeting the pressing needs for renewed excellence
- assess the adequacy of state and federal support in postsecondary education programs in Vermont
- establish the extent to which women and minorities participate in undergraduate and graduate courses of study in Vermont.

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Before commenting on the specific proposals contained in H.R. 5240, I would like to respond to the issues addressed by Mr. Simon and Mr. Coleman.

CURRENT STATUS OF POSTSECONDARY EDUCATION IN VERMONT

Vermont is a small rural state with a population barely over the one-half million mark, ranking only 38th in the country in terms of per capita personal income. There are 23 degree-granting colleges and universities in the state and a dozen or so other postsecondary education institutions which offer a wide range of degree and certificate programs.

Vermont colleges and universities enrolled 31,000 students in the fall of 1983, about half of which were out-of-state students (TABLE I). As a corollary, it is estimated that 34% of Vermonters participating in postsecondary education attend institutions outside the state. Enrollments at Vermont institutions have increased substantially (11%) in the last decade negating some predictions of enrollment decline, and it is anticipated that the current enrollment will remain relatively stable due to increased participation of the non-traditional college-age population. This trend towards non-traditional enrollments is already in evidence: In 1973, 22% of the total enrollment was part-time. By 1983 this proportion had increased to 29% with a significant proportion of this increase taking place over the past few years. An important factor contributing to the growth of Vermont enrollments is the increase in postsecondary aspirations of Vermont high school seniors. In 1982, 64% of these students planned to attend postsecondary programs immediately after high school, compared to 59% in 1978. An additional 11% of the 1982 high school seniors had plans to continue their education at some point in the future and only 14% of all seniors had no educational plans. These data compare very favorably with national aspiration rates and we attribute much of this

TABLE I

VERMONT ENROLLMENT SUMMARY, FALL 1983

Head Count Enrollment by Level, Full-Time and Part-Time

Institution	Undergraduate			Graduate			Unclassified			Total Head Count		
	Full Time	Part Time	Total	Full Time	Part Time	Total	Full Time	Part Time	Total	Full Time	Part Time	Total
PUBLIC INSTITUTIONS												
Castleton State College	1,383	179	1,562	11	86	97	13	522	535	1,407	787	2,194
Community College of VT	104	762	866	0	0	0	6	1,798	1,804	110	2,560	2,670
Johnson State College	736	165	901	39	82	121	5	66	71	780	313	1,093
Lyndon State College	898	53	951	0	38	38	0	70	70	898	161	1,059
University of Vermont	7,349	375	7,724	770	593	1,363	149	1,671	1,820	8,268	2,639	10,907
Vermont Technical College	565	19	584	0	0	0	118	31	149	683	50	733
PUBLIC TOTALS	11,035	1,553	12,588	820	799	1,619	291	4,158	4,449	12,146	6,510	18,656
INDEPENDENT INSTITUTIONS												
Bennington College	614	1	615	6	0	6	5	0	5	625	1	626
Burlington College	85	65	150	0	0	0	0	20	20	85	85	170
Champlain College	1,277	174	1,451	0	0	0	0	336	336	1,277	510	1,787
College of St. Joseph the Provider	156	64	220	0	21	21	0	145	145	156	230	386
Goddard College	137	0	137	72	0	72	0	0	0	209	0	209
Green Mountain College	311	0	311	0	0	0	0	6	6	311	6	317
Marlboro College	172	10	182	0	0	0	2	5	7	174	15	189
Middlebury College	1,940	15	1,955	0	2	2	7	3	10	1,947	20	1,967
Norwich University	1,538	42	1,580	12	2	14	0	1	1	1,550	45	1,595
St. Michael's College	1,601	39	1,640	43	221	264	8	25	33	1,652	285	1,937
School for Inter. Training.	147	0	147	152	197	349	116	44	160	415	241	656
Southern Vermont College	242	57	299	0	0	0	4	82	86	246	139	385
Sterling College	70	0	70	0	0	0	0	0	0	70	0	70
Trinity College	378	504	882	0	0	0	2	69	71	380	573	953
Vermont College (Norwich U.)	591	45	636	244	0	244	2	134	136	837	179	1,016
Vermont Law School	No data received											
INDEPENDENT TOTALS	9,259	1,016	10,275	529	443	972	146	870	1,016	9,934	2,329	12,263
TOTAL, ALL INSTITUTIONS	20,294	2,569	22,863	1,349	1,242	2,591	437	5,028	5,465	22,080	8,839	30,919

Source: 1983 HEGIS Fall Enrollment Survey (2300-2.3)

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substantial increase over the last four years to our statewide information and Outreach programs. It is relevant to note that high school seniors participating in our Outreach Talent Search Program (partially funded through Title IV), have a significantly higher continuation rate (74%) than do the entire cohort of seniors (58%) (TABLE II).

This excellent outcome further demonstrates the need for, and benefits of, the extensive counseling efforts carried out by the VSAC Outreach Program. Our Outreach Programs are not confined to efforts on the high school level. We have explored working with the junior high school population and, equally importantly, with the adult population, and have found a tremendous need for postsecondary counseling services on these levels. We hope that efforts to meet this need will be incorporated in the final reauthorization proposals, since it is of paramount importance to ensure equality of educational opportunity to all citizens.

To round off a global discussion of the state of postsecondary education in Vermont, I would be remiss not to mention its economic impact. It is one of Vermont's most important industries, and one of our largest employers. The economic impact in 1982 was estimated at nearly $500 million annually. To put this in perspective, the state of Vermont's general fund expenditure for the same year was $272 million.

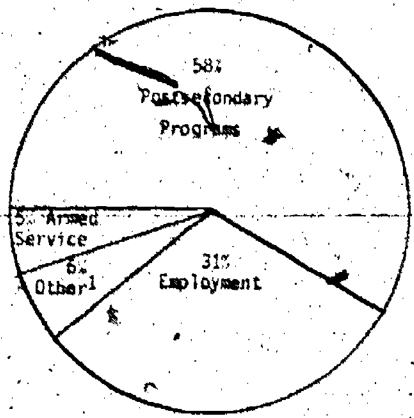
MEETING THE NEEDS FOR EXCELLENCE IN POSTSECONDARY EDUCATION

Vermont, along with the rest of the country, has become keenly aware of the need for renewed emphasis on educational excellence on the elementary, secondary, and postsecondary levels. A plethora of reports issued over

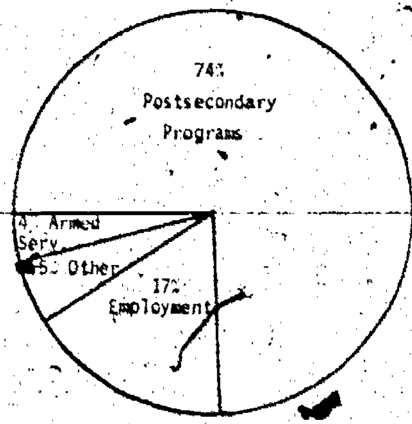
TABLE II

FALL 1982 POSTSECONDARY ACTIVITIES OF 1982 VERMONT HIGH SCHOOL GRADUATES AND OUTREACH PROGRAM PARTICIPANTS

1982 VERMONT HIGH SCHOOL GRADUATES



1982 OUTREACH PARTICIPANTS



[1] Other includes homemakers and those who are unemployed.

Source: Survey of Plans for Education and Careers: Actual Activities Following High School, Vermont Student Assistance Corporation. To be published.
Follow-up Summary of the Outreach Class of 1982, Vermont Student Assistance Corp. 1982

the past year have dealt with this issue and the New England Board of Higher Education has published a report "A Threat to Excellence," which recommends steps to be taken to overcome the educational slippage. On a macro-level, the educational community in Vermont has vigorously protested the cuts in federal funding for postsecondary education which have been proposed regularly since 1980. Although Congress has averted any dramatic cutbacks, the fact remains that increased funding is essential to maintain and continue to educate our people. On a microlevel, several efforts are underway:

- A high technology consortium has been created to promote institutional/industry cooperation.
- The Governor of Vermont created a special cabinet on employment and training.
- The Vermont legislature has enacted a math/science loan forgiveness program for elementary and secondary school teachers.
- Many institutions in Vermont are preparing a renewed emphasis on teacher training.
- VSAC is sponsoring a grant program for retraining of unemployed Vermonters through non-degree programs.

ADEQUACY OF STATE AND FEDERAL SUPPORT FOR POSTSECONDARY EDUCATION

Before approaching the subject of the adequacy of public funding for postsecondary education, I would like to elaborate somewhat on the cost of education in Vermont. Our institutional charges in the public sector have historically been among the highest in the country (see TABLES III and IV); however, these high costs have been offset to a large extent by a substantial need-based grant program (VSAC Incentive Grants). On a per-capita level,

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TABLE III

STATE COLLEGES
Resident Undergraduate Tuition and/or Required Fees

	1978-79	1979-80	1980-81	1981-82	1982-83
Alabama	$ 562	$ 658	$ 697	$ 816	$ 922
Arizona	500	500	600	650	710
Arkansas	481	481	600	715	735
California	205	209	223	279	447
Colorado	580	601	698	787	892
Connecticut	695	710	736	812	906
Florida	709[1]	709[1]	709[1]	758[1]	795[1]
Georgia	532	568	651	696	800
Idaho	397	466	474	665	803
Illinois	704	745	807	955	1074
Indiana	840	900	975	1113	1275
Iowa	694	774	774	900	990
Kansas	601	607	666	700	811
Kentucky	[illegible]80	520	580	626	720
Louisiana	468	489	583	508	688
Maine	919	950	963	1203	1360
Maryland	727	929	947	1132	1216
Massachusetts	641	661	770	915	1065
Michigan	834	901	1010	1225	1359
Minnesota	608	648	714	775	974
Mississippi	699	729	765	829	873
Missouri	396	394[3]	420	548	642
Montana	497	497	533	602	656
Nebraska	607	637	674	750	748
Nevada	720	720	720	[illegible]	930
New Hampshire	967	926	1052	1359	1440
New Jersey	858	891	976	1077	1229
New Mexico	356	402	429	[illegible]	531
New York	895[1]	987	995	1152	1134
North Carolina	534	545	568	649	662
North Dakota	483	509	533	499	609
Ohio	930	894	1061	1270	1468
Oklahoma	407	[illegible]	454	454	520
Oregon	767	849	923	1126	1351
Pennsylvania	1049	1051	1216	1207	1627
Rhode Island	674	730	782	854	938
South Carolina	500	550	620	620	860
South Dakota	693	726	829	905	993
Tennessee	472	510	533	663	740
Texas	348[2]	373[2]	394	397	397
Utah	553	588	633	705	762
Vermont	825	1143	1200	1451	1639
Virginia	856	903	1009	1153	1315
Washington	618	618	618	867	942
West Virginia	359	365	376	458	597
Wisconsin	761	822	860	920	1041
46 State Average	630	672	728	841	941
Vermont Rank	10	1	2	1	1
VT % of 46 State Av.	131	170	165	173	174

[1]Average of lower division and upper division fees.

[2]Reported charges converted to 30 semester credit hours for comparability.

[3]Tuition and fees lowered at Missouri Southern State College.

Source: State of Washington, Council for Postsecondary Education, Report No. 83-6

TABLE IV

STATE UNIVERSITIES
Resident Undergraduate Tuition and/or Required Fees

	1978-79	1979-80	1980-81	1981-82	1982-83
Alabama	$ 722	$ 765	$ 765	$ 994	$ 1074
Alaska	512	522	492	492	688
Arizona	550	550	600	650	710
Arkansas	460	460	600	720	720
California	731	731	767	956	1175
Colorado	845	892	995	1111	1221
Connecticut	968	1068	1068	1101	1225
Delaware	988[1]	988	998	1160	1367
Florida	709[2]	709[2]	709[2]	758[2]	795[2]
Georgia	702	731	908	954	1107
Hawaii	478	478	480	480	480
Idaho	438	474	490	701	816
Illinois	846	878	956	1109	1302
Indiana	870	938	1005	1155	1328
Iowa	750	830	830	950	1040
Kansas	710	716	771	918	904
Kentucky	550	574	674	730	846
Louisiana	552	553	568	664	798
Maine	920	940	1110	1290	1440
Maryland	790	842	884	1073	1185
Massachusetts	829	952	1117	1326	1545
Michigan	1244[2]	1373[2]	1561[2]	1861[2]	2144[2]
Minnesota	994	1060	1193	1264	1617
Mississippi	707	879	954	1054	1167
Missouri	722	768	822	918	1068
Montana	613	625	657	747	825
Nebraska	808[3]	858	940	1029	1048
Nevada	660	660	720	840	930
New Hampshire	1248	1265	1305	1832	1956
New Jersey	995	1064	1199	1561	1678
New Mexico	576	624	665	721	757
New York	892[2]	935	1074	1150	1150
North Carolina	529	576	599	694	702
North Dakota	545	545	660	764	804
Ohio	975	1005	1110	1380	1458
Oklahoma	541	541	613	613	722
Oregon	789	860	969	1190	1380
Pennsylvania	1362	1485	1641	1848	2118
Rhode Island	1052	1147	1181	1311	1504
South Carolina	732	807	1040	1175	1190
South Dakota	704	761	862	958	1066
Tennessee	510	552	600	684	804
Texas	378[3]	420[3]	440	452	452
Utah	641	690	786	876	960
Vermont	1452	1662	1828	2021	2466
Virginia	849	914	1012	1146	1350
Washington	687	687	687	1059	1176
West Virginia	459	482	492	623	840
Wisconsin	812	877	946	924	1121
Wyoming	434	434	592	592	592
50 State Average	757	806	879	1014	1136
Vermont Rank	1	1	1	1	1
VT % of 50 State Av.	192	206	208	205	217

[1] Mid-year increase in 1977-78, subsequent decrease in 1978-79 back to Fall 1976.

[2] Average of lower division and upper division charges.

[3] Reported charges converted to 30 semester credit hours for comparability.

Source: State of Washington, Council for Postsecondary Education, Report No. 83-6

Vermont ranks only behind New York in terms of expenditures for financial assistance (TABLE V). Our commitment to access and choice remains very strong; however, in times of decreased funding on the federal level and a large state deficit, this commitment has become increasingly difficult to sustain. Let me elaborate somewhat on the past and present funding patterns:

DIRECT STUDENT GRANT AID/FEDERAL:

During the 1980-81 school year students studying at Vermont institutions received $7.5 million in Pell Grants. Three years later, during the 1983-84 school year, this amount had dropped to an estimated $6.2 million, a decrease of 17% in actual dollars.

DIRECT STUDENT GRANT AID/STATE:

VSAC awarded $5.0 million in Incentive Grants in 1980-81; during the current college year this figure is $7.2 million, an increase of $2.2 million, which has served mainly to fund a dramatic increase in qualified applicants during the past five years. During this time period the average charges at Vermont postsecondary institutions increased by 39% from $5,150 to $7,150. Due to the substantial increase in needy recipients, VSAC's average grant increased approximately $200 in this period, barely enough to make a dent in the $2,000 increase in average annual charges.

FEDERAL STUDENT AID TO INSTITUTIONS

TABLE VI shows the changes in funds received at Vermont institutions for the campus-based programs from 1980-81 to 1983-84.

TABLE V

State Student Aid Award Dollars per Capita
of State Population ("Index of Effort")

Ten Years — 1972-1981

State	$ per capita	Rank
New York	9.50	1
Vermont	6.88	2
Pennsylvania	5.98	3
Illinois	5.95	4
Minnesota	3.88	5
New Jersey	3.68	6
Wisconsin	3.45	7
Iowa	3.43	8
Indiana	2.98	9
Rhode Island	2.85	10
California	2.71	11
Colorado	2.65	12
Michigan	2.51	13
South Carolina	2.40	14
Massachusetts	2.18	15
Ohio	2.09	16

(All states over $2.00 per capita average)

Five Years — 1977-1981

State	$ per capita	Rank
New York	13.87	1
Vermont	7.95	2
Illinois	6.93	3
Pennsylvania	6.48	4
Minnesota	5.99	[illegible]
New Jersey	4.72	6
Wisconsin	4.68	7
Iowa	4.68	8
Indiana	3.95	9
California	3.70	10
Rhode Island	3.67	11
South Carolina	3.46	12
Colorado	3.45	13
Michigan	3.16	14
Massachusetts	2.64	15
Ohio	2.59	16
Connecticut	2.35	17
Oregon	2.18	18

Source: College Board Report No. 81-7, State Need-Based College Scholarship and Grant Programs: A Study of Their Development, 1969-1980

TABLE VI

Campus-Based Funds in Vermont

($ Millions)

	1980-81	1983-84
SEOG	$3.6	$3.5
NDSL	1.7	1.0
CWSP	3.9	4.4
Total	$9.2	$8.9

This stagnation during times of increased charges for students has further exacerbated the difficulty of providing adequate access to post-secondary education for our needy students.

GUARANTEED STUDENT LOANS

The Omnibus Reconciliation Act of 1981 provided for an income cap on GSL loans with the result that our student loan volume has decreased markedly from a high of $25 million in 1981-82 to a level of approximately $22 million for the current school year. However, in spite of this decrease in borrowing, our average loan has increased $400 (from $1,825 to $2,225) in the period 1980-81 to 1983-84. This increase in individual loan amounts reflects the need to finance part of the increase in charges through additional borrowing. The Guaranteed Student Loan Program has essentially functioned as the aid program of last resort in Vermont. If students were not able to finance their education through the combination of family efforts, Pell, state and institutional aid, this program has been available as a resource to fill the gap.

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TABLE VII outlines how, for many Vermont institutions, the needy students are borrowing at the maximum or close to maximum level.

PLUS LOANS

For those students whose expenditures exceed all available resources the PLUS/ALAS program has become available as a final resource. VSAC initiated this program in early 1982, and we have seen a steady upward trend in borrowing since then, as more and more families seek liquidity or funds to meet the "unmet need" gap mentioned above.

CONCLUSION

This overview of the adequacy of federal and state support for postsecondary education leads to the inevitable conclusion that there has been a definite slippage in support on the federal level, both in terms of eligibility as well as actual dollars appropriated. The state of Vermont has increased its commitment to student aid substantially, but since the federal support has not kept pace with Vermont's efforts, the result has been one of potential inadequacy of support for our students. Without being a pessimist, it seems safe to speculate that a continuation of current federal funding trends will have an extremely adverse impact on our ability to provide access to postsecondary education for Vermonters.

PARTICIPATION OF WOMEN AND MINORITIES IN UNDERGRADUATE AND GRADUATE EDUCATION IN VERMONT

The 1980 census documented the absence of heterogeneity in Vermont's population: Only 1% of persons living in the state were classified in minority group categories (black, hispanic, other). This trait is evident also in postsecondary education demographics which indicated that for 1982-83 only 2% of students enrolled in our colleges and universities came from a minority

TABLE VII

AMOUNT STUDENTS NEED TO BORROW FROM GSL[1]

(1983-84)

Institution	Amount[2]
Woodbury Associates	$2,907
Norwich University/Vermont College	2,842
St. Michael's College	2,500
Trinity College	2,500
Champlain College	2,425
Marlboro College	2,032
Sterling College	2,030
Bennington College	2,008
Green Mountain College	1,943
Southern Vermont College	1,918
College of St. Joseph the Provider	1,726
Middlebury College	1,573
Lyndon State College	900
University of Vermont	850
Vermont Technical College	710
Castleton State College	550
Johnson State College	450

[1]Full-time dependent Vermont undergraduate degree students.

[2]As reported by Financial Aid Offices - 12/83.
Amount = Budget - VSAC, Federal Aid, Family Contribution and Other Aid NOT INCLUDING GUARANTEED STUDENT LOANS.

background. Due to the scarcity of data, it is difficult to make an informed judgment about the adequacy of participation by minorities in Vermont. I would, however, like to point out that a fairly large proportion of Vermonters are of French-Canadian heritage, and due to linguistic barriers this group has often held an unofficial status as a minority. The need for special services for this group has been demonstrated in the Talent Search program where 6% of participants were of French-Canadian and/or minority extraction in 1982.

Women have traditionally participated heavily in both undergraduate and graduate education in Vermont. Since 1974, the first year that trend data became available, women have accounted for more than half of the total student population in the state (see TABLE VIII). It is, however, important to note, that while the enrollment of males has remained virtually stagnant in the last decade, the enrollment of females has increased 14% for undergraduates and 62% for graduate students.

RESPONSE TO H.R. 5240

At this point I would like to turn to the Reauthorization Bill introduced by the distinguished Chairman of this Subcommittee. The Higher Education Act of 1965 has been a vital cornerstone in promoting educational opportunities for our people and I concur definitely with the thrust, embedded in H.R. 5240, towards expanded postsecondary access for students. This Bill is ambitious in its scope, and it is a privilege to comment on the many interesting proposals.

PELL GRANTS

The notion of Pell Grants as an entitlement program is intriguing and commendable. This backbone of the student aid programs was intended to serve as a fundamental access program and an entitlement mode is indeed desirable.

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TABLE VIII

VERMONT ENROLLMENT IN POSTSECONDARY EDUCATION BY GENDER

	1974-75		1979-80			1983-84		
	Undergraduate	Graduate	Undergraduate	Graduate	% Change From 74	Undergraduate	Graduate	% Change From 79
Full-Time:								
Female	10,609	510	10,887	859	-	10,680	671	-
Male	10,160	1,110	9,887	1,061	-	10,016	703	-
Part-Time:								
Female	2,870	485	3,384	823	-	4,616	956	-
Male	2,236	425	1,859	608	-	2,562	705	-
Total:								
Female	13,479	1,005	14,271	1,682	-	15,306	1,627	-
Male	12,396	1,535	11,746	1,669	-	12,578	1,408	-
Grand Total:								
Female	14,484		15,953		+10.1	16,933		+6.1
Male	13,931		13,415		- 3.7	13,986		+4.2

Source: Vermont Higher Education Planning Commission

However, based on the nation's economic difficulties, it is questionable whether a new entitlement program will be either economically or politically feasible. If not, I suggest that the authorization levels be substantially increased and the eligibility criteria be no more restrictive than is currently the case. In addition, I would like to comment that the current 50% cost of attendance formula has worked well and I endorse continuation of this formula, the rationale being that it is important to maintain an appropriate balance between loans and grants for students at low cost, as well as high cost institutions.

COLLEGE WORK-STUDY

This important self-help program should be funded at a higher level. However, the proposed new method for allocation would have to be scrutinized very carefully in order to assure an equitable distribution of the CWSP funds. I further suggest that funding also be considered, on a matching basis (and perhaps through the SSIG Program) for fledgling state programs that in many cases provide expanded job opportunities for needy students (in Vermont we focus on summer jobs for incoming freshmen) which could not be duplicated on the campus level.

CAMPUS-BASED BLOCK GRANT

While I appreciate the importance of campus-based aid programs, I strongly oppose the elimination of SSIG and its transfer to the campus level. The SSIG program is serving as an extremely crucial building block for a great many state grant programs, which would become extinct if this program were to be discontinued. In fact, we support increased funding for SSIG with the ability of the states to allocate the funds to either direct grants and/or state work-study programs. The rationale for such increases is embedded in

the fact that this program is the only aid program matched on a dollar-for-dollar basis by the states, thus doubling the financial aid leverage. A further argument stems from the fact that students who receive SSIG/State dollars are given the opportunity of expanded institutional choice since the state aid package is not predicated on attracting students to a specific institution.

NDSL and SEOG could be combined into a campus-based loan/grant program where the institution has the discretion to allocate funds through institutional loans or direct grants.

SPECIAL PROGRAMS FOR THE DISADVANTAGED

As mentioned previously, these programs play an integral part in Vermont in the quest for equal opportunity, and I strongly endorse, with one reservation, the recommendations outlined in H.R. 5240; I do not support the proposal for preferential treatment of institutions with high minority enrollments and/or high dropout rates. Vermont is a relatively poor state with many pockets of non-minority poverty, and I suggest that the Bill be adjusted so that all needy constituencies are served on an equal basis.

GUARANTEED STUDENT LOAN PROGRAMS

There is no doubt that this program has been eminently successful, in Vermont as well as in the rest of the country. The move, in 1976, to a decentralized state-based approach to the loan program has paid off, both in terms of access to loans, through increased lender participation, and better program administration. Let me, before I comment on the specific GSL proposals, provide a brief synopsis of the program as it functions in Vermont.

Annually, we guarantee approximately 10,000 Guaranteed Student Loans in an amount of $22,000,000. We currently estimate that we have outstanding loans in an amount of $110,000,000.

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Every lender in Vermont participates in the program, and we are pleased that our default rate ranks among the lowest, if not the lowest, (for an old agency) in the country, with over 98% of repayment obligations being met (TABLE IX). We guarantee loans for resident and qualified non-resident students, as well as for students at proprietary and foreign schools.

Over the years the program has grown substantially and, responding to lender needs, we have established a Vermont Secondary Market for student loans which will ensure liquidity for our lenders and continued access to loans for our students. I feel strongly that state non-profit secondary markets, through responsible use of tax-exempt financing, provide a service to lenders impossible to match through a centralized, profit-making secondary market approach.

Let me elaborate further on the specific proposals in H.R. 5240.

LOAN CONSOLIDATION

During the past decade there has been an increased need for students to borrow, based on a combination of increased educational costs, higher participation (particularly on the part of women) in graduate programs and a retrenchment of available grant assistance.

Consequently, the burden of repayment for these high debt borrowers has become increasingly troublesome, and I support the concept of loan consolidation to alleviate onerous debt burdens for those who cannot afford to repay their loans within the restrictive framework of the current law. Again, I stress the importance of a state-based approach to such a program - with the ability of State Secondary Markets to use tax-exempt financing - and I further suggest that the repayment period be extended to 20 years for those who demonstrate need.

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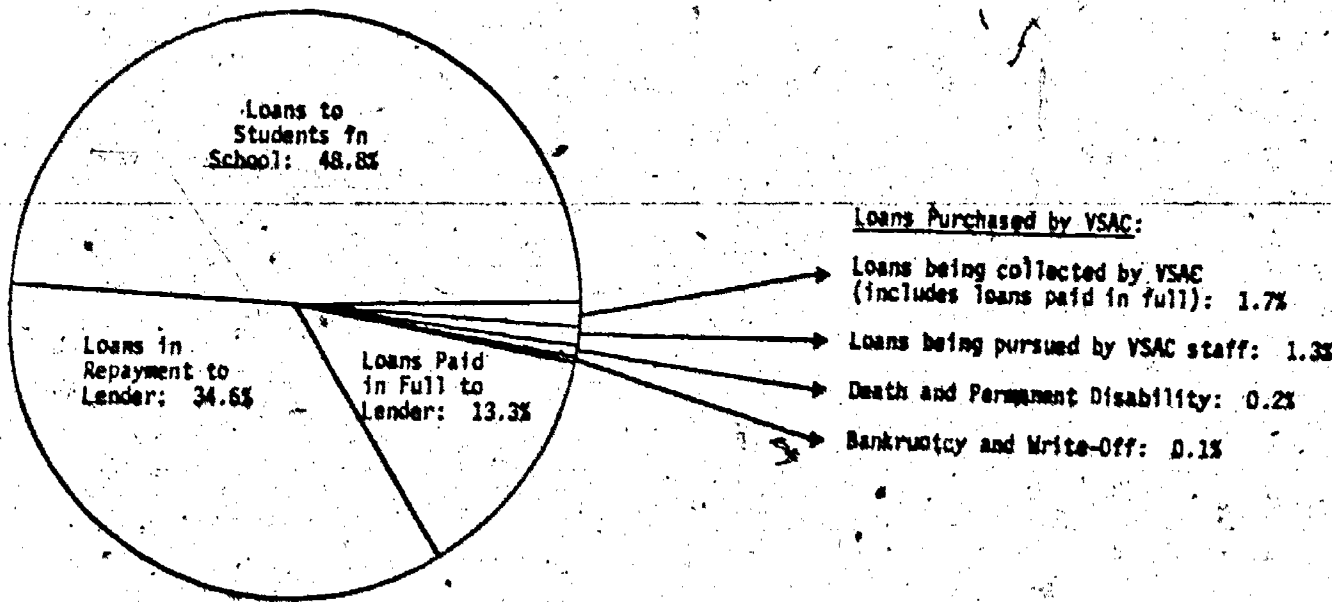
TABLE IX

LOAN STATUS ANALYSIS

($128,554,179 - OCT. 1983)



1477

FISL

This program should be phased out as recommended in H.R. 5240.

ORIGINATION FEE

The origination fee should be eliminated.

LENDER OF LAST RESORT

Access to loans is a crucial issue, and I strongly support efforts to ensure such access through state agencies and/or their designees.

INTEREST RATES

The current structure should be maintained for an initial 10 year repayment period, after which, if the borrower chose extended repayment, he or she would pay market rate (T-Bill + 3½%) on the loans. If a student qualified for consolidation on a need basis, the government should still pay the special allowance. Furthermore, in order to prevent back-door entry to the GSL program we suggest that consolidated loans which incorporate ALAS loans carry the applicable ALAS interest.

SPECIAL ALLOWANCE

In order to ensure maximum lender participation, the special allowance should be kept at its current level.

FEDERAL ADVANCES

Return of federal advances should be predicated on an agency's financial status. Our state requires a reserve fund of 8% of the outstanding loans potentially not covered by federal reinsurance. This reserve was $1.3 million in 1983 of which $850,000 were federal advances. We would seriously encumber our statutorily mandated reserve funds if federal advances were recalled, and would probably be forced out of the program due to inability to comply with the reserve requirements.

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NEEDS TEST

We recommend continuation of the "cap-policy" with the current $30,000 being increased to $45,000 and adjusted periodically to reflect changes in the CPI. It is my understanding that the cap has worked extremely well in terms of eliminating unnecessary borrowing; an extended needs analysis would impact adversely on self-supporting students and low-income families with little or no liquidity who need to rely on GSL for borrowing the family contribution.

COPAYABILITY OF LOANS

There are limited cases where it is not practicable to issue a copayable check, i.e. for students who study out-of-state or outside the country. If exceptions could be made for unusual circumstances, we would support the proposal in H.R. 5240.

LOAN LIMITS

The issue of a fair balance between loans and gift aid definitely needs to be addressed. However, in the face of increasing educational charges, we feel that the current limit ought to be raised to $4,000 for undergraduates and $8,000 for graduate students with the aggregate amounts being $20,000 and $40,000, respectively. The loan limits have not been changed for more than a decade and the erosion of buying power attributable to inflation must be addressed through loan limits that are realistic and based on current educational costs.

INCOME LIMIT

It is hard to envision an arbitrary dollar amount as fair indicator of a family's borrowing needs. In cases where many siblings attend college, such an indicator would be particularly inequitable. I recommend a continuation of the current method of determining loan need.

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CONCLUDING REMARKS

The red threads in this tapestry of information about Vermont's post-secondary education endeavors and federal financial aid can be summarized as being deep concerns about the adequacy of the federal efforts and a frequently reiterated plea for continued priority for program administration on the state and institutional levels. Unless the federal government substantially increases the financial commitment to student aid, the imperative goal of educating all persons to their fullest potential will come to naught.

I have welcomed this opportunity to provide the information you requested and also to comment on some of the aspects of H.R. 5240. It will be a pleasure to answer any questions you may have.

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The University of Vermont

BURLINGTON, VERMONT 05405-0160

May 3, 1984

MAY 10 1984

The Honorable Paul Simon
Chairman
House Subcommittee
on Post-Secondary Education
House of Representatives
Washington, DC 20515

Dear Representative Simon:

I received an invitation of April 5 from Representative Thomas Coleman and from you to testify before the Subcommittee on April 12 in hearings on H.R. 5240, a reauthorization of the Higher Education Act. I very much regret that my schedule prevented me from being in Washington on that date, but I hope that this letter may be entered into the record of the hearings.

For a score of years, the Higher Education Act has contributed significantly to the future of this nation. A broad array of programs has strengthened the colleges and universities of America, and the people of the United States have been powerfully educated in those institutions.

The Act well deserves reauthorization, and I want to praise the initiative that you have taken this year to begin the process of revising the Act so that it may more effectively address the needs of the nation and of its people for the decades ahead. I want to express as well my appreciation for the work of your colleagues on the Committee, most particularly that of my own Congressman, James Jeffords of Vermont.

At this time, the one part of the Act that I wish to address is Title IV, the programs for student financial assistance, and there are three concerns that I wish to express.

First, the Pell Grants, originally called the Basic Educational Opportunity Grants, are the foundation on which the structure of all financial assistance for undergraduate students is built. These grants are important in assuring that all those who seek higher education may have access to higher education.

In the long run, it would be very desirable to assure that Pell Grants will be available to all students who require basic financial assistance in order to avail themselves of higher education. Projections for the current federal budget and for the budgets of the next few years make it highly unlikely that appropriations will be made available in order to move toward making the Pell Grants a true entitlement program. It may be well for us, however, to affirm this objective for the future.

Second, you have sought to address the desire for simplicity and flexibility in the so-called Campus-Based Programs (SEOG, NDSL, and SSIG). The solution that you have proposed is consolidation of these programs into a single Campus-Based Block Grant. I endorse the objectives of simplicity and flexibility, but I have some reservations about using a block grant to achieve those objectives. It seems to me that we do not yet know what ultimate effects of such consolidation would be for colleges and universities throughout the nation. I recognize that you do propose to soften the impact through "hold harmless" provisions, but we might be better served by calculating the impacts of reallocations now rather than during the early phases of consolidation.

For myself, I regard the objective of flexibility as more essential than that of simplicity, and I am most concerned about achieving flexibility for SEOG and NDSL. I believe that the objective of flexibility could be achieved by provisions that would make it possible for an institution to shift up to 20 percent of allocated funds from one program to another depending on its particular level of need.

Third, I join many of my colleagues in feeling concern about the burden of debt that our students carry after they graduate and become alumni. Guaranteed Student Loans and other loans have assured students not only access to higher education but also choice among the colleges and universities of America. Further, these loans have made it possible for students to undertake graduate or professional education beyond their undergraduate years. The accumulation of loans, however, imposes a heavy burden for repayment through the early years of establishing a career. Some go into fields where their income may be adequate to meet the demands for repayment, but others go into areas that do not so well compensate them. Just as we assess the level of need for financial assistance, we must find ways of accommodating to people's capacity to repay.

This problem of loan burden is one that is only now coming to our awareness, and we have not yet devised mechanisms for dealing with it. I believe that the reauthorization of the Higher Education Act should take a step toward addressing that problem. It might be well for you to devote some further study to this issue before moving the bill forward.

Again, I regret that I could not testify before the Subcommittee on April 12. If you should schedule further hearings on the bill, I should welcome another invitation to appear.

Sincerely,

Lattie F. Coor
President

LFC/aw
cc: E. Thomas Coleman

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